



www.oldmutual.com

OLDMUTUAL

ANNUAL FINANCIAL STATEMENTS

Consolidated and separate
For the year ended 31 December 2022



DO GREAT THINGS EVERY DAY

Index to the annual financial statements

Directors' responsibility and approval statement	2
Chief Executive Officer and Chief Financial Officer's responsibility statement	3
Certificate by the Group Company Secretary	3
Directors' report	4
Audit committee report	7
Independent auditors' report	13
Consolidated income statement	19
Consolidated statement of comprehensive income	20
Unaudited consolidated supplementary income statement	21
Consolidated statement of financial position	22
Consolidated statement of cash flows	23
Consolidated statement of changes in equity	24
Notes to the consolidated financial statements	28
A: Significant accounting policies	28
B: Segment information	35
C: Other key performance information	42
D: Other consolidated income statement notes	45
E: Financial assets and liabilities	55
F: Financial risk and capital management	67
G: Analysis of financial assets and liabilities	85
H: Non-financial assets and liabilities	105
I: Interests in subsidiaries, associates and joint arrangements	123
J: Other notes	129
K: Future standards, amendments to standards, and interpretations not early adopted in the 2022 consolidated financial statements	143
L: Directors' and prescribed officers' emoluments	158
M: Biographical information on the directors	197
N: Share ownership	198
Company annual financial statements	199
Company statement of comprehensive income	200
Company statement of financial position	201
Company statement of changes in equity	202
Company statement of cash flows	203
Notes to the Company financial statements	204

The consolidated and separate financial statements were audited in terms of the Companies Act, 71 of 2008. The preparation of the Group and separate annual financial statements was supervised by Casper Troskie CA(SA), Chief Financial Officer.

Directors' responsibility and approval statement

The directors of Old Mutual Limited (the Company) are required by the South African Companies Act, 71 of 2008, as amended (the Companies Act) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial and non-financial information included in this report.

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Old Mutual Limited, comprising the consolidated and separate statements of financial position at 31 December 2022, the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and cash flows for the year then ended, and the consolidated and separate notes thereto, including the consolidated supplementary income statement, which include accounting policy elections and other explanatory notes in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB, including interpretations to IFRS as issued by the IFRS Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, and requirements of the Companies Act. In addition, the directors are responsible for the preparation of the directors' report.

The directors are also ultimately responsible for such internal controls as they determine are necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records in addition to reducing the risk of loss or error cost-effectively and effective risk management. An effective system of internal financial controls provides reasonable assurance as to the reliability of financial information being reported. To the best of their knowledge and belief the directors are satisfied that the system of internal controls provides reasonable assurance that reliance can be placed on financial records used in the preparation of the consolidated and separate financial statements during the financial year ended 31 December 2022.

The directors have made an assessment of the ability of the Group and Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the foreseeable future.

It is the responsibility of the Group's independent external auditors to report on the fair presentation of the consolidated and separate financial statements. These financial statements have been audited in terms of section 29(1) of the Companies Act. Their unmodified report appears on pages 13 to 18.

Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of Old Mutual Limited, as identified in the first paragraph, were approved by the Board of directors on 23 March 2023 and signed on their behalf by:

TA Manuel
Chairman

Sandton
23 March 2023

IG Williamson
Chief Executive Officer

Chief Executive Officer and Chief Financial Officer's responsibility statement

Each of the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 4 to 216, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of our knowledge and beliefs, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

IG Williamson
Chief Executive Officer

Sandton
23 March 2023

CG Troskie
Chief Financial Officer

Certificate by the Group Company Secretary

In terms of section 88(2)(e) of the South African Companies Act, 71 of 2008, as amended, I certify that Old Mutual Limited has lodged with the Commissioner, all such returns and notices as required by the Companies Act for the year ended 31 December 2022, and that all such returns and notices appear to be true, correct and up to date.

EM Kirsten
Group Company Secretary

23 March 2023

Directors' report

Nature of the business

Old Mutual Limited (the Company or the Group) is a premium African financial services group, listed on the Johannesburg Stock Exchange (JSE), and has a standard listing on the London Stock Exchange, and secondary listings on the Stock Exchanges of Malawi, Namibia and Zimbabwe. The Company is registered and incorporated in South Africa (Registration number: 2017/235138/06). The public officer is Nazrien Kader.

The Company, through its subsidiaries, distributes products and services to customers through a multi-channel distribution network spanning tied and independent advisers, branches, bancassurance, direct and digital channels and worksites.

Subsidiary companies

The Company is the ultimate holding company of a number of subsidiaries, the details of which are reflected on page 124 herein. These subsidiaries have various lines of business in the Financial Services Industry, including Life and Savings, Property and Casualty, Asset Management and Banking and Lending.

Financial statements

Details of the financial results are set out on pages 19 to 198 of the consolidated annual financial statements and on pages 200 to 216 of the separate annual financial statements. The directors have approved the consolidated and separate annual financial statements as reflected on pages 19 to 216, including the certificate by the Group Company Secretary on page 3 and the Audit committee report for the 2022 financial year on pages 7 to 12.

Year under review

The operating results and financial position of the Group and Company are set out in the annual consolidated and separate income statements, statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes. The year under review is fully analysed in the Group Annual Results for 2022 which is available on our website at <http://www.oldmutual.com/investor-relations/reporting-centre/reports>.

The Group profit after tax for the year ended 31 December 2022 was R7 799 million (2021: R7 463 million).

Share capital

The Company's authorised share capital at 31 December 2022, was 10 000 000 000 (ten billion) ordinary shares and 10 000 000 (ten million) preference shares.

At 31 December 2022, the issued number of shares is 4 913 880 491 (2021: 4 708 553 649) ordinary shares. No preference shares were issued during the year ended 31 December 2022. Refer to page 198 for more information.

Due to CREST rules, beneficial entitlement to Ordinary uncertificated shares listed on the London Stock Exchange are held through Company Depository Interests.

Ownership

The Company is a publicly listed company, and no single shareholder, or group of shareholders, control the Company. Further details of shareholders are included in the Integrated Report and available on our website as noted herein above.

Dividends

The following dividends were declared in respect of the year ended 31 December 2022 and 31 December 2021:

- » 2022 Final ordinary dividend of 51 cents per share declared by Old Mutual Limited
- » 2022 Interim ordinary dividend of 25 cents per share declared by Old Mutual Limited
- » 2021 Final ordinary dividend of 51 cents per share declared by Old Mutual Limited
- » 2021 Interim ordinary dividend of 25 cents per share declared by Old Mutual Limited

Borrowings

The directors may from time to time exercise all of the powers of the Company to (a) borrow for the purposes of the Company such sums as they think fit; and (b) secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of any securities, mortgage or charge upon all or any of the property or assets of the Company.

Property and equipment

There was no material change in the nature of the fixed assets of the Group or its subsidiaries or in the policy regarding their use during the year.

Notice in terms of section 45(5) of the Companies Act, 2008 (the Companies Act)

The Company as an essential part of conducting the business of the Old Mutual Group, is required to provide financial assistance to Group companies as part of its day-to-day operations in the form of loan funding, guarantees or general financial assistance as contemplated in section 45 of the Companies Act.

In accordance with section 45(5) of the Companies Act this serves to give notice that the Old Mutual Limited Board, in line with existing practice, approved that the Company may, in accordance with and subject to the provisions of section 45 of the Act and in terms of the shareholder resolution passed at the Annual General Meeting on 27 May 2022, provide such direct or indirect financial assistance to related and interrelated companies and corporations as described in section 45 of the Companies Act.

The amount and format of financial assistance which may be granted pursuant to the resolution is subject to ongoing review by the Old Mutual Limited Board and may not in total exceed the reporting threshold of 0.1% of the Old Mutual Limited Group's net asset value provided for in the Companies Act.

Directors

Details of the members of the Board who served during the year and at the reporting date have been provided below. The biographical details of the current directors are included in Note M.

Name	Position as director	Appointment date	Resignation date
TA Manuel	Independent Non-executive Director	05.03.2018	
Prof BC Armstrong	Independent Non-executive Director	29.06.2020	
AK Essien	Independent Non-executive Director	05.03.2018	
O Ighodaro	Independent Non-executive Director	11.12.2020	
I Kgaboesele	Independent Non-executive Director	05.03.2018	
J Langner	Independent Non-executive Director	20.05.2021	
JR Lister	Independent Non-executive Director	05.03.2018	
Dr SM Magwentshu-Rensburg	Independent Non-executive Director	05.03.2018	
TM Mokgosi-Mwantembe	Non-executive Director	05.03.2018	
CWN Molope	Independent Non-executive Director	05.03.2018	Resigned 27.05.2022
JI Mwangi	Independent Non-executive Director	05.03.2018	
NC Nqweni	Independent Non-executive Director	20.05.2021	
BM Rapiya	Non-executive Director	05.03.2018	Retired 31.07.2022
CG Troskie	Executive Director (CFO)	27.03.2018	
SW van Graan	Independent Non-executive Director	05.03.2018	
IG Williamson	Executive Director (CEO)	27.05.2019	

Directors' interests

According to the Register of Directors' Interests, maintained by the Company in accordance with the provisions of section 30(4)(d) of the Companies Act, directors of the Company have disclosed the following interest in the ordinary shares of the Company:

Directors	Direct beneficial	Indirect beneficial	Total 2022	Direct beneficial	Indirect beneficial	Total 2021
TA Manuel	437	–	437	437	–	437
Prof BC Armstrong ¹	120 000	–	120 000	–	–	–
O Ighodaro	20 000	–	20 000	20 000	–	20 000
I Kgaboesele ²	–	47 900	47 900	–	13 500	13 500
NC Nqweni ³	613	–	613	1 917	–	1 917
BM Rapiya ⁴	1 662	333 364	335 026	1 662	333 364	335 026
CG Troskie ⁵	310 943	–	310 943	236 412	–	236 412
SW van Graan	350	–	350	350	–	350
IG Williamson ^{1,5}	847 758	–	847 758	482 698	–	482 698

¹ Purchase of Old Mutual shares on 1 September 2022.

² Purchase of Old Mutual Limited shares on 1 September 2022 by an associate.

³ Prior year was understated by 1 304 shares which are held in a separate account.

⁴ Retired from the Old Mutual Limited Board on 31 July 2022. Holding disclosed as at 31 July 2022.

⁵ The amounts for CG Troskie and IG Williamson exclude unvested shares in STI and LTI schemes.

The directors had no interest in any third party or company responsible for managing any of the business activities of the Group.

There have been no changes in the directors' interests between 31 December 2022 and the date of publication of the annual report.

Political donations

The Group does not, as a principle make donations to political parties. As a responsible and responsive corporate citizen, the Group is, however, required to participate, from time to time, in certain events that are organised by political parties for which payment is required. Any such payments must be done transparently and with prior approval by the designated member of the Executive committee.

Directors' report

Events after the reporting period for the Group and Company

On the 6th January 2023 Old Mutual Insure acquired 100% of Genric Insurance Company Limited a diversified short-term insurer which focuses mainly on Accident & Health and other niche classes of insurance for a purchase consideration of R300 million.

Old Mutual Funeral Services (Pty) Ltd, a wholly owned subsidiary of Old Mutual Limited, has entered into a Share Purchase Agreement to acquire a 75% equity stake in each of Two Mountains Underwriters (Pty) Ltd, Two Mountains Financial Services (Pty) Ltd and Two Mountains Burial Services (Pty) Ltd (together "Two Mountains"). Two Mountains is a licensed micro-insurer that distributes and underwrites funeral policies and provides undertaking services. The transaction is still subject to regulatory approvals, customarily associated with such transactions.

Old Mutual Holding Namibia (Pty) Ltd (OMHN) acquired a 25% shareholding held by Business Doctor Consortium Limited and its associates in Old Mutual Finance Namibia (Pty) Ltd. A market value of N\$214 million was agreed between OMHN and Business Doctor as the purchase price for the shareholding. The purchase price was settled in February 2023.

Furthermore, continued loadshedding and the declaration of a National State of Disaster in South Africa will put additional pressure on our clients' disposable income as the economic impacts filter down to household level. We are however positive that the measures put in place through the state of disaster will accelerate the resolution of the energy crisis.

On 24 February 2023 South Africa was 'greylisted' by the Financial Action Task Force. While this decision could have potential financial and economic impacts, at Old Mutual, we do not expect South Africa's 'greylisting' to have a material impact on our relationship with our customers. Old Mutual has always taken care to safeguard our customers' investments with us and we will continue to do so through our processes and controls to manage the risk of money-laundering, proliferation, and terrorist financing.

Other than the aforementioned, the directors are not aware of any material events (as defined per IAS 10 – Events after the Reporting Period) after the reporting date of 31 December 2022 until the date of authorisation of these audited consolidated financial statements.

Debt officer

The Board has considered and is satisfied with the competence, qualifications and experience of the appointed debt officer, M van der Walt.

Group Company Secretary

The competence, qualifications and experience of the Group Company Secretary has been evaluated in terms of the required annual Board evaluation process. The Board confirms that the Group Company Secretary is not a Board member, is suitably qualified and experienced and has maintained an arm's length relationship with the Board.

Details of EM Kirsten's qualifications and experience can be found on page 16 of the Corporate Governance Report 2022 at www.oldmutual.com/investor-relations/reporting-centre/reports.

Registered office

Mutualpark
Jan Smuts Drive Pinelands
7405
South Africa

Going concern

The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future, taking into account the Group's most recent business plan and the capital and liquidity position. The annual financial statements have accordingly been prepared on a going concern basis.

Audit committee report

This Audit committee report has been prepared based on the requirements of the South African Companies Act, 71 of 2008, as amended (Companies Act), the King Code of Governance for SA (King IV), the JSE Listings Requirements and other applicable regulatory requirements.

This report sets out how the Audit committee has satisfied its various statutory obligations during the year, as well as some of the focus areas considered and how these have been addressed by the committee.

Role and mandate

The committee's main role is to assist the Board in fulfilling its oversight responsibilities, in particular with regard to the integrity of the Group's financial statements, effectiveness of the systems of internal control, financial reporting and risk management.

In addition, the committee is responsible for assessing the effectiveness of the Group internal audit function, the Chief Financial Officer and the independence and effectiveness of the Group's external auditors.

The Audit committee also has oversight responsibilities over key subsidiaries within the Group, specifically our largest subsidiary Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA). The committee routinely provides guidance and feedback on discussions that may have an impact on these subsidiaries and their Audit committees.

These responsibilities are in terms of the mandate of the Audit committee as defined in section 94(7) of the Companies Act and its terms of reference, which are available at www.oldmutual/about/governance/board-committees.

Committee composition

The committee is comprised of five Independent Non-executives who all satisfy the requirements to serve as members of an audit committee, as defined by section 94(7) of the Companies Act. Two out of the five committee members are chartered accountants and all five members have risk management, finance and audit expertise.

The Chairperson of the committee reports to the Board on its activities, highlighting key issues requiring action and recommendations for resolution. The Audit committee works closely with the Group Risk committee, which reviews risk management and compliance initiatives and monitors the effectiveness of the risk, compliance and internal control environment of the Group.

The Chairperson of the Audit committee is a member of the Risk committee and the Chairperson of the Risk committee is a member of the Audit committee. This helps ensure that there is adequate communication between the two committees.

Name	Appointment date	Resignation date	Board status	Scheduled meeting attendance
O Ighodaro (Chairperson) BSc (Hons), FCA (ICAEW), CA(SA)	11.12.2020		Independent Non-executive	6/6
I Kgaboesele BCom, PDip (Acc), Dip (FMI), CA(SA)	06.03.2018		Independent Non-executive	5/6
J Langner BCom, FASSA, FFA	20.05.2021		Independent Non-executive	6/6
JR Lister BSc (Stats), FIA	06.03.2018		Independent Non-executive	6/6
NC Ngweni BSc, PDip (Inv Mgt), LDP, AMP	20.05.2021		Independent Non-executive	6/6
CWM Molope BSc (MedSci), BCompt (Hons), CTA, CA(SA)	06.03.2018	27.05.2022	Independent Non-executive	1/3

In accordance with the Audit committee's Terms of Reference, it held the minimum of four scheduled meetings during 2022, convening six scheduled meetings and four ad hoc meetings required to adequately discharge its duties in accordance with its mandate.

Audit committee report

Invited attendees

The engagement partners of the external auditors and Group Internal Audit Director are standing invitees to the Audit committee meetings, as is the Board Chairman, Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Group heads of finance, actuarial and tax. Invitations to attend committee meetings are extended to senior executives and professional advisers as deemed appropriate. Directors of the Board who are not members of the committee have the right of attendance at Audit committee meetings.

When required, country and subsidiary Audit committee Chairpersons will be invited to attend meetings. The Group Company Secretary or her delegate is the secretary of the committee.

The committee Chairperson may, from time to time, attend subsidiaries' Audit committee meetings.

Actuarial sub-committee

The Board constituted a separate Actuarial committee, which functions as a sub-committee of the Audit committee. All the Audit committee members are members of the Actuarial committee.

The Actuarial committee assists the Audit committee in ensuring that relevant actuarial matters are properly considered prior to decision making by the Audit committee. The Actuarial committee is chaired by JR Lister, an Independent Non-executive Director and a qualified actuary.

Our commitment to independence, transparency and collaboration

The Audit committee encourages continuous improvement of and fosters adherence to the Group's policies, procedures and practices at all levels of the organisation.

Application of these policies encourages open communication with assurance providers, including the external auditors, senior management, internal audit, compliance, the risk functions and the Board.

The Group Internal Audit Director also has a direct reporting line to the committee with unrestricted access to the committee chairperson.

The independence of the committee is key to its effective functioning, while ensuring that it does not assume the functions of management.

As part of its mandate, it has the authority to investigate matters within the scope of its defined responsibility and to request information or explanations necessary for the performance of its functions.

Areas of focus during the year

Significant audit matters

The Audit committee routinely considers audit matters, as raised by the external auditors relating to the annual financial statements.

Audit matter	How the Audit committee addressed the matter
Insurance contract liabilities	The committee reviewed and interrogated reports from the Group Chief Actuary, Group Actuary and the external auditors on actuarial assumptions and basis changes, including extensive discussions on the impact of COVID-19 on key assumptions and provisions.
Accounting treatment of the Zimbabwe business	The hyperinflation accounting treatment for the Zimbabwe business continued in the current year and was consistent with the 2021 financial year. The committee routinely reviewed the appropriateness of the asset valuations recognised in the Zimbabwe statement of financial position.
Valuation of investments in subsidiaries (Old Mutual Group Holdings (SA) (Pty) Ltd)	The committee reviewed the appropriateness of the valuation methodology and relevant disclosures in the financial statements.
Valuation level 3 financial instruments	The appropriateness of the measurement of the investments and securities valuations, inclusive of the fair value disclosures, was considered.
Goodwill and intangible valuations and impairments	The committee reviewed the goodwill and intangible assets impairment reviews that were based on the latest business planning inputs. It considered the sensitivity of the outcomes to declining growth rates and increasing discount rates.

Old Mutual Limited broad-based black economic empowerment scheme (Bula Tsela)

During the year under review, the Audit committee:

- » Reviewed the financial impacts and pertinent foundational work in preparation for the launch of Bula Tsela.
- » Considered and approved the adjusted headline earnings treatment of the costs of Bula Tsela.

Financial statements and integrated reporting process

During the year under review, the Audit committee:

- » Reviewed the Key Audit Matters identified by the external auditors and monitored the appropriateness of the management actions taken to address the Key Audit Matters.
- » Reviewed and debated key accounting, actuarial and tax judgements including external audit's Key Audit Matters and were satisfied with how these were addressed.
- » Analysed financial information included in the Group's interim and year-end results announcements to ensure the accuracy and integrity of financial data disclosed externally.
- » Remained appraised of key updates, policy and methodology decisions and upcoming milestones on the IFRS 17 programme.
- » Reviewed and assessed the audited annual financial statements and found the controls and financial reporting processes underpinning its compilation to be appropriate and effective.
- » Recommended to the Board for approval, the annual financial statements, interim and annual results and the financial information included in the 2022 Integrated Report. Assessed and confirmed the appropriateness of the going concern assumption used in the interim and annual financial statements.
- » Reviewed the interim and final dividend proposals. Ensured that the Group had sufficient resources to make the dividend distributions, before recommending the proposals to the Board.
- » Reviewed and approved the combined assurance plan for the Group, ensuring the inclusion of material risk areas, acceptable coverage of business processes and that all reporting requirements were met. Confirmed that assurance activities result in an adequate, effective control environment and the integrity of reports can be relied upon for decision making.
- » Reviewed and considered the overall effectiveness of the Group's internal controls.
- » Reviewed the arrangements in place to ensure appropriate rotation of the designated external audit partners as required in terms of Section 92 of the Companies Act. Considered the suitability, qualifications, experience, independence and capacity of proposed engagement partners and recommended for approval to the Board.
- » Reviewed reports from the Group Chief Actuary, Group Actuary, and the joint external auditors on actuarial assumptions and the reliability and adequacy of the financial soundness results of Old Mutual Limited at 31 December 2022.
- » Monitored the levels of the various capital measures in the Group, ensuring that they are within acceptable ranges.
- » Monitored methodology and assumptions used to calculate the Group's liabilities and solvency capital ratio, noting these are appropriate and in line with Prudential Standards.
- » Reviewed and recommended to the Board for approval the issuance and redemption of subordinated debt, subject to Prudential Authority approval.
- » Assessed compliance with all other statutory requirements in terms of section 94(7) of the Companies Act of 2008, King IV, JSE Listings Requirements and any other applicable regulatory requirements, and confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005.
- » Ensured that the recommendations, as set out in the JSE Proactive Monitoring review reports, have been incorporated into the Annual Financial Statements.

Internal controls and risk management

The Audit committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and risk management, and for considering the findings of any major internal investigations into control weaknesses, fraud or misconduct, and management's response thereto.

The Audit and Risk committees delegate the duty to management to continuously identify, assess, mitigate and manage risks within the existing and changing risk profile of our operating environment. Mitigating controls are formulated to address the risks and the Board is kept abreast of progress on the Group's risk management plan.

During the year under review the committee considered control issues identified from the various reports reviewed by the committee in the context of the overall effectiveness of internal controls. These reports included internal and external audit reports, reports from the Board's Risk committee as well as specific internal control reports from management, relating to internal attestation of financial and other controls. The Group's modernisation and transformational projects to upgrade various legacy IT platforms continued to receive particular focus through the Technology and Platforms, Risk and Audit committees.

Where deficient controls or matters were raised, the committee reviewed the progress on remediation plans and were satisfied that any material impact on the Group's annual financial statements had been appropriately mitigated by management, through manual controls and increased oversight where necessary. Significant progress was noted by the committee in terms of improved controls and automation. The committee will continue to monitor and evaluate any remaining deficient controls as well as remediation plans in 2023.

Having considered, analysed, reviewed and discussed information provided by management, other Board committees, Internal Audit and the external auditors, the committee is of the opinion that the internal controls of the Group, together with management's additional procedures performed to mitigate identified control deficiencies, can be relied upon as a reasonable basis for the preparation of the annual financial statements, throughout the year under review.

Audit committee report

Internal audit

Internal audit is the third line of assurance in the assurance model, and provides independent assurance over the first and second lines of assurance operations and oversight functions.

Group internal audit is accountable to the Audit committee and has unrestricted access to the Chairperson of the Audit committee. Group internal audit meets with the Audit committee at least once a year without management being present, and has frequent interactions with the Chairperson of the Audit committee.

The Audit committee approves the Group internal audit plan and neither the Group internal audit director nor the internal audit function reports into the executive committee rather than from an administrative perspective. Group internal audit is also independent from the activities it audits and from the day-to-day management of the Group. This maintains the functional and financial independence of the internal audit function.

During the year under review the Audit committee:

- » Reviewed and approved the internal audit terms of reference and work plan.
- » Evaluated the independence, effectiveness and performance of the Internal audit function and compliance with its terms of reference.
- » Reviewed and approved the annual consolidated internal audit plan in consultation with the Group internal audit director, ensuring that material risk areas were included, that the coverage of risks and business processes was acceptable.
- » Reviewed and discussed with the Group internal audit director the scope of work of the internal audit function, the issues identified as a result of its work and management's responsiveness to issues raised and agreed action plans.
- » Ensured coordination and cooperation between internal audit and the risk management and compliance functions.
- » Evaluated the independence, effectiveness and performance of the internal audit function.

Chief Financial Officer

During the year under review the Audit committee reviewed the performance and confirmed the suitability and appropriateness of the expertise and experience of the Chief Financial Officer, Casper Troskie, and the resources, expertise, succession planning and experience of the Group's finance function.

External auditors

The Audit committee is responsible for the appointment, compensation and oversight of the external auditors for the Group, namely Deloitte & Touche and Ernst & Young Inc. Deloitte & Touche has served as joint auditor of the Group since June 2018, whereas Ernst & Young Inc. was appointed in May 2022 due to firm rotation.

During the year under review, the Audit committee:

- » Assessed the suitability for appointment and reappointment of the audit firms and designated audit partners, considering the relevant legislative and regulatory requirements and presented and included the appointment of the Auditors. Ensured that the appointment and the independence of the external auditors were in compliance with the Companies Act and all other regulatory and legal requirements.
- » Considered and recommended to the Board the appointment of the joint external auditors Deloitte & Touche (with Gerdus Dixon as designated registered auditor and joint signing partner of Old Mutual Limited) and Ernst & Young Inc. (with Malcolm Rapson as designated registered auditor and joint signing partner for Old Mutual Limited).
- » Tracked the transition plan for the rotation of Ernst & Young Inc. to replace KPMG Inc. as the external auditor.
- » Monitored the effectiveness of the external auditors in terms of their audit quality, expertise and independence, as well as the execution of the audit plan.
- » Approved the joint external auditors' annual audit plan and ensured that all statutory and financial reporting requirements were met and material risks were identified and appropriately addressed.
- » Approved the audit fees for the 2022 year under review.
- » Reviewed the information provided by the auditors as detailed in paragraph 3.84(g)(ii), as read with section 22.15(h) of the JSE Listings Requirements.

- » Monitored and ensured that fees for non-audit services were in line with the Group's policy on non-audit services, which is summarised in the Corporate Governance section of our website.
- » Reviewed the external auditors findings and recommendations and ensured that matters raised were resolved appropriately.
- » Ensured coordination and cooperation between the external and internal auditors.
- » Convened with the external audit team, without management being present, and was assured that there were no unresolved areas of disagreement with management. Satisfaction was expressed with the skills and expertise in Group Finance and it was confirmed that throughout the audit there was good support from the management teams.
- » Reviewed the arrangements in place to ensure appropriate rotation of the designated external audit partners as required in terms of section 92 of the Companies Act.
- » Confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005.

The Audit committee reviewed and approved the non-audit services policy, which governs the type, value, approval process and scope of non-audit services that the external auditors are able to perform for the Group. Only those non-audit services that do not impact the external auditors' independence and where it is best placed for the auditors to perform the services are permitted under the policy.

The Audit committee is satisfied with the appropriateness of the independence, expertise, experience and resources of the external auditors, the external audit partners and the quality of the external audit.

Combined assurance

The Audit committee is responsible for overseeing combined assurance activities and ensuring that these are effective in achieving its objectives.

The Group's Combined Assurance framework establishes integrated and coordinated assurance activities between the three lines of assurance across all levels of the organisation. There is continued and ongoing focus on increased collaboration and sharing of information as well as reducing duplication of activities. The committee reviewed and approved the combined assurance plan for the Group.

In accordance with the principle of proportionality of our Group Governance Framework, both the boards of non-operating holding companies and holding companies with own operations are required to adopt the Combined Assurance Framework and ensure that the framework is implemented within their entity. Any areas of concern are escalated to the Audit committee.

The Audit committee is satisfied that assurance activities result in an adequate, effective control environment and the integrity of reports can be relied upon for decision making.

Committee training

As a part of the ongoing training for directors, the committee received detailed training on IFRS 17 and related transition methodologies on several occasions during the year under review, with a particular focus on its impact on opening balances in the Group's financial statements.

Committee performance

The performance of the committee is reviewed annually as part of the effectiveness review of the Board and all its committees. The externally facilitated review performed during 2022 concluded that the committee operated effectively and successfully discharged its responsibilities and duties during the year under review.

Audit committee report

Key focus areas for 2023

- » Monitor and evaluate the Group's preparation for the implementation of IFRS 17.
- » Continue to monitor capital management and the levels of the Group's various solvency measures, ensuring that they are within acceptable ranges.
- » Continue to monitor the functioning of the Group's internal controls.
- » Review the Group's long-term actuarial assumptions, ensuring appropriateness for the current operating environment and the evolution of COVID-19.
- » Continued monitoring of the economic situation in Zimbabwe and assessment of the appropriate accounting treatment and disclosure in the Group financial statements.
- » Focus on ensuring that the Group's financial processes and controls operate effectively and are proportionate with the Group's complexity.
- » Continue to monitor, with the Technology and Platforms committee, the finance modernisation and transformation initiatives, supporting the drive for simplifying and conforming finance data to further enhance the quality of the Group's financial reporting.
- » Monitor the implementation of other new accounting standards.
- » Monitor the levels of the various capital measures in the Group, ensuring that they are within acceptable ranges and continued monitoring of the functioning of the Group's internal controls.
- » Review the Group's long-term actuarial assumptions, ensuring appropriateness for current operating environment.
- » Monitor methodology and assumptions used to calculate the Group's liabilities and Solvency Capital Ratio.
- » Succession planning with a focus on further complementing the skills on the committee.

Conclusion

The Audit committee is satisfied that it has complied with all statutory duties as well as its duties under its terms of reference for the reporting period.

The Audit committee reviewed the Group Annual Financial Statements for the year ended 31 December 2022 and recommended them for approval to the Board.

On behalf of the Audit committee

O Ighodaro

Audit committee Chairperson

23 March 2023
Sandton

Independent auditors' report

To the shareholders of Old Mutual Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Old Mutual Limited and its subsidiaries (the Group and Company) set out on page 19 to 196 and 200 to 216, which comprise:

- » the consolidated statement of financial position as at 31 December 2022;
- » the consolidated income statement for the year ended 31 December 2022;
- » the consolidated statement of comprehensive income for the year ended 31 December 2022;
- » the consolidated statement of changes in equity for the year ended 31 December 2022;
- » the consolidated statement of cash flows for the year ended 31 December 2022;
- » the notes to the consolidated financial statements, including a summary of significant accounting policies and the consolidated supplementary income statement, but excluding information marked as "unaudited";
- » the statement of financial position as at 31 December 2022;
- » the statement of comprehensive income for the year ended 31 December 2022;
- » the statement of changes in equity for the year ended 31 December 2022;
- » the statement of cash flows for the year ended 31 December 2022; and
- » the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 31 December 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and Company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditors' report

Valuation of life insurance contract liabilities (Consolidated financial statements)

Refer to accounting policy elections note A1.3 and note G2

Key audit matter

At 31 December 2022, the value of the life insurance contract liabilities was R 145 billion. These life insurance contract liabilities are measured in accordance with actuarial guidance in Standard of Actuarial Practice (SAP) 104 and IFRS 4: Insurance Contracts (IFRS 4) in the consolidated financial statements.

The valuation of life insurance contract liabilities requires significant judgement and estimation driven by a number of inputs based on a variety of uncertain future outcomes. These include actuarial assumptions such as mortality rates, morbidity rates, and lapse rates. Other key measurement assumptions include discount rates and expense assumptions. In addition, there is judgement required in respect of the recognition policies and the recording and release of discretionary margins, such as the COVID-19 pandemic provision.

The valuation of life insurance contract liabilities also involves the use of complex models, which are reliant on complete and accurate contract data. Historical data also drives experience studies applied in forming key assumption decisions.

Following experience studies performed in the year, assumption changes were made to strengthen persistency and mortality bases as disclosed in note G2. As the COVID-19 pandemic and its impacts abated, management released previously established short-term provisions.

Due to the significant judgement and estimation uncertainty involved in the determination of the life insurance contract liabilities, their valuation is considered a key audit matter.

How the matter was addressed in our audit

Our procedures included, amongst others:

- » Evaluating the design and implementation of key controls over:
 - the actuarial reserving processes that ensure the appropriateness of key assumptions applied; and
 - the liability measurement processes established by the actuarial review function and management.
- » Assessing the completeness and accuracy of data included in the valuation models by:
 - Evaluating and concluding on the design, implementation and operating effectiveness of key controls, including IT General Controls ("ITGCs") and application controls, related to the integrity of the data used in the models;
 - Assessing on a sample basis the policyholder data inputs to policy documentation;
 - using data analytics to compare and reconcile the data between the actuarial valuation, policy administration and the accounting systems and investigating any anomalies;
 - Performing two-way sample tests of policies and data, as applicable, to ensure that the extraction scripts from source systems to valuation models had operated as intended.
- » Performing the following procedures with the involvement of our actuarial audit specialists:
 - Assessing the appropriateness of the methodologies and assumptions applied to value the life insurance contract liabilities against industry standards, IFRS 4, SAP 104
 - Challenging the key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data and our assessment of the Group's analysis of experience to date. Our challenge focused on: mortality rates, morbidity rates, lapse rates, and expense assumptions;
 - Assessing the consistency of the data used in experience reviews supporting key changes in assumptions with other audited information and evaluating the results of experience reviews ensuring they are appropriately applied in the valuations;
 - Evaluating the appropriateness of discretionary margins applied to ensure they are consistent with SAP104 and the Group's policies and IFRS;
 - Assessing the appropriateness and accuracy of key models used to value the life insurance contract liabilities. This includes the re-calculation of certain outputs and assessing the consistency of model outputs with our expectations and the Group's analysis of profits; and
 - Evaluating the basis for the release of the COVID-19 short term pandemic provision and strengthening of the Group's persistency and mortality assumptions, including analysing the Group's COVID-19 claims and lapse experience data and comparing it with nationally published statistics and industry consensus and evaluating compliance with SAP 104 and IFRS 4.

We considered whether the associated disclosures are compliant with IFRS 4 and with the methodologies and assumptions approved by the directors.

Valuation of level 3 financial instruments (investments and securities) (Consolidated financial statements)

Refer to accounting policy elections note A1.3 and disclosure note E3

Key audit matter

At 31 December 2022, investments and securities carried at fair value through profit or loss represented 82.7% of total assets in the consolidated financial statements. Level 3 investments and securities amounted to R 42 billion and represented 4.8% of the total balance.

The valuation of level 3 financial instruments are determined using models where one or more significant inputs are unobservable.

Consequently, the determination of the fair value of investments and securities classified as level 3 financial instruments is more complex and/or judgemental, with a higher level of estimation uncertainty.

We consider the valuation of the diverse portfolio of level 3 financial instruments to be a key auditing matter given:

- i. that the assumptions determined by management are largely based on unobservable inputs, are highly judgmental and consider a diverse range of sector information, which required the involvement of our internal valuation experts; and
- ii. the extent of effort required assessing the completeness and accuracy of data utilised in the valuation models.

How the matter was addressed in our audit

Our procedures included, amongst others:

- » Obtaining an understanding and evaluating the design and implementation of key controls over the valuation of investments and securities to ensure the accuracy of inputs, the appropriateness of methodologies and the assessment by management of the final measurement of the investments and securities.
- » On a sample basis selecting level 3 financial instruments and performing the following procedures together with our internal valuation specialists:
 - Challenging and assessing the key inputs and assumptions used in the valuation models, such as estimated cash flows, growth rates, discount rates and significant unobservable inputs, and critically assessing the valuation methodologies against current market practice and industry standards;
 - Comparing the valuation model methodologies and assumptions applied across the group, ensuring consistency throughout;
 - Assessing the reasonableness of the estimated cash flows by performing retrospective testing and comparing actual financial performance against previous forecasts where cash flow forecasts are required for the valuation;
 - Assessing the appropriateness of the pricing multiples used in certain valuations by comparing them with comparable listed companies, adjusted for comparability differences, sizes and liquidity; and
 - Performing independent valuations of the investments to ascertain a reasonable range of outcomes and determining whether management's calculated value falls within this range.

Assessing whether the disclosures in the consolidated financial statements in relation to the fair value of the investments and securities and the disclosures relating to the estimation uncertainty are complete, appropriate and in compliance with IFRS 13: Fair Value Measurement (IFRS 13) and IFRS 7: Financial Instruments Disclosures (IFRS 7) as disclosed in note E3.

Independent auditors' report

Valuation of investment in subsidiaries as it relates to Old Mutual Group Holdings (SA) (Pty) Limited (Separate financial statements)

Refer to accounting policy notes 1.3 and 1.4 and note 4 and 9 (separate financial statements)

Key audit matter

At 31 December 2022, the value of the investment in Old Mutual Group Holdings (SA) (Pty) Limited (OMGH) amounted to R88.7 billion which is included in the Investment in subsidiaries caption in the separate financial statements and represented 95.5% of the total assets.

The investment in this subsidiary represents the majority of the Group. Following the significant discount to net asset value ("NAV") to the publicly traded price of Old Mutual Limited, and the historical impairment, it was determined that an impairment assessment was to be completed.

The directors performed a value in use (VIU) calculation of OMGH using a sum-of-the-parts valuation model. Several valuation techniques were used in this process depending on the nature of the entity within or component of OMGH. These valuation approaches included the determination of eligible own funds, value of new business (VNB) and VNB multiples, discounted cash flows, price/earnings multiples and net asset value.

The significant assumptions that we focused our audit on were those with greater levels of director judgement and for which variations had the most significant impact on the recoverable amount. These include the VNB multiple, discount rates and comparable multiples. These elements have been disclosed in note 1.11 to the separate financial statements.

The impairment assessment of OMGH is considered to be a key audit matter due to the audit work effort required and the significant judgements applied in determining the recoverable amount of the investment.

How the matter was addressed in our audit

Our procedures included, amongst others:

- » Assessing for indicators that the investment in OMGH might be impaired;
- » Assessing, with the involvement of our valuation specialists, whether the methodology applied by management in their calculation of the VIU is compliant with the requirements of IAS 36 Impairment of Assets and acceptable industry practice (IAS 36);
- » Comparing the key inputs with the involvement of our valuation specialists to management's VIU calculation, namely, price/earnings multiples, VNB multiples and growth rates to externally extracted data including analyst broker reports, peer group data and projected economic growth studies; we performed the below:
 - In instances where a discounted cash flow approach was adopted we performed a retrospective review by comparing management's forecasts from previous years to actual results to assess the Company's ability to accurately prepare cash flow forecasts;
 - Where a price/earnings based multiple approach was adopted, the appropriateness of the earnings amount was assessed to historical information;
 - Using our understanding of the business, evaluated the reasonableness of the forecasted information to which the key inputs are applied;
- » Assessing whether the disclosures, as per IAS 36, around the assessment of recoverable amount of the investment in subsidiaries in the separate financial statements adequately reflects key assumptions considering the level of risks inherent in the assessment of recoverable amount of the investment in subsidiaries.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 216-page document titled "Old Mutual Annual Financial Statements Consolidated and Separate for the year ended 31 December 2022", which includes the Directors' Report, the Audit Committee Report and the Certificate by the Group Company Secretary as required by the Companies Act of South Africa, the Directors responsibility and approval statement, the Chief Executive Officer's and Chief Financial Officer's Responsibility Statement and information marked as "unaudited" in the consolidated and separate financial statements, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the Integrated Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Other matters

The consolidated and separate financial statements of Old Mutual Limited (the Group and Company) for the year ended 31 December 2021, were audited by joint auditors, one of whom is no longer the joint auditor in the current period. The joint auditors for the prior year expressed an unmodified opinion on those financial statements on 24 March 2022.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- » Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

Independent auditors' report

- » Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- » Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Old Mutual Limited for five years and Ernst & Young Inc. has been the auditor of Old Mutual Limited for one year.

Ernst & Young Inc.

Per: Malcolm Rapson
Chartered Accountant (SA)
Registered Auditor
Director

23 March 2023

3rd Floor, Waterway House
3 Dock Road
V&A Waterfront
Cape Town
8001

Deloitte & Touche

Per Gerdus Dixon
Chartered Accountant (SA)
Registered Auditor
Partner

23 March 2023

The Ridge
6 Marina Road
Portwood District
V&A Waterfront
8001

Consolidated income statement

For the year ended 31 December 2022

Rm	Notes	December 2022	December 2021
Revenue			
Gross insurance premium revenue	G2(a)	85 668	83 841
Outward reinsurance	G2(a)	(11 131)	(11 290)
Net earned premiums		74 537	72 551
Investment return (non-banking) ¹	D2	20 646	157 047
Banking interest and similar income ²	D3	4 505	4 347
Interest income on the effective interest method		2 828	3 432
Other interest income		1 677	915
Banking trading, investment and similar income		1 026	433
Fee and commission income, and income from service activities	D4	11 560	11 827
Other income ³		935	1 609
Total revenue	D8(a)	113 209	247 814
Expenses			
Gross claims and benefits (including change in insurance contract provisions)		(77 754)	(139 245)
Reinsurance recoveries		8 272	7 679
Net claims and benefits incurred		(69 482)	(131 566)
Change in investment contract liabilities	G2(d)	7 657	(54 947)
Credit impairment charges	F1.9(a)	(1 079)	(667)
Finance costs	D5	(662)	(543)
Banking interest payable and similar expenses	D5	(830)	(755)
Fee and commission expenses, and other acquisition costs	D6	(10 401)	(10 506)
Change in third-party interests in consolidated funds		(1 846)	(11 874)
Other operating and administrative expenses ⁴	D7	(27 400)	(24 896)
Total expenses		(104 043)	(235 754)
Share of gains of associated undertakings and joint ventures after tax	I2(b)	118	1 385
Reversal of impairment of investments in associated undertakings	I2	–	18
Loss on disposal of subsidiaries and associated undertakings	I1(e)	(133)	(36)
Profit before tax		9 151	13 427
Income tax expense	D1	(1 352)	(5 964)
Profit after tax for the financial year		7 799	7 463
Attributable to			
Equity holders of the parent		7 325	6 662
Non-controlling interests		474	801
Ordinary shares		474	801
Profit after tax for the financial year		7 799	7 463
Earnings per ordinary share			
Basic earnings per ordinary share (cents)	C1(a)	166.0	151.3
Diluted earnings per ordinary share (cents)	C1(b)	163.0	148.9

¹ Investment return (non-banking) include R1 257 million (2021: R879 million) of interest income on the effective interest method.

² The presentation of the consolidated income statement, including comparatives, has been amended to include additional information regarding interest income calculated on the effective interest method on banking interest and similar income.

³ Included in other income is R536 million (2021: R200 million) which relates to insurance proceeds received from a SASRIA claim.

⁴ Included in other operating and administrative expenses is finance costs of R783 million (2021: R731 million) which includes interest relating to funding that support the operations of the Group (funding within policyholder investments) of R665 million (2021: R620 million) and interest on lease liabilities of R118 million (2021: R111 million). Refer to note D7 for further information.

Consolidated statement of comprehensive income

For the year ended 31 December 2022

Rm	31 December 2022	31 December 2021
Profit after tax for the financial year	7 799	7 463
Other comprehensive income for the financial year		
Items that will not be reclassified to profit or loss		
Gains on property revaluations	990	817
Remeasurement gains on defined benefit plans	29	22
Fair value movements related to credit risk on borrowed funds	(42)	(64)
Share of other comprehensive income from associated undertakings and joint ventures	(70)	(40)
Shadow accounting ¹	(344)	(219)
Income tax on items that will not be reclassified to profit or loss	(224)	(20)
	339	496
Items that may be reclassified to profit or loss		
Currency translation differences on translating foreign operations ²	(4 171)	187
Exchange differences recycled to profit or loss on disposal of businesses ²	-	203
Share of other comprehensive income from associated undertakings and joint ventures ³	-	(75)
	(4 171)	315
Total other comprehensive income for the financial year	(3 832)	811
Total comprehensive income for the financial year	3 967	8 274
Attributable to		
Equity holders of the parent	4 001	7 411
Non-controlling interests		
Ordinary shares	(34)	863
Total comprehensive income for the financial year	3 967	8 274

¹ Shadow accounting is applied to policyholder liabilities where the underlying measurement of the policyholder liability depends directly on the fair value of the Group's owner-occupied properties. Shadow accounting is an adjustment, permitted by IFRS 4 Insurance Contracts, to allow for the impact of recognising unrealised gains or losses on insurance assets and liabilities in a consistent manner to the recognition of the unrealised gain or loss on assets that have a direct effect on the measurement of the related insurance assets and liabilities.

² No tax impacts are associated with these line items.

³ Included in this line item for prior year are FCTR of R42 million which bears no tax consequences, and equity accounted other comprehensive income of R33 million which has been accounted for net of tax.

Unaudited consolidated supplementary income statement

For the year ended 31 December 2022

Rm	Notes	December 2022	December 2021
Mass and Foundation Cluster	B	2 442	2 752
Personal Finance and Wealth Management	B	3 217	448
Old Mutual Investments	B	1 240	1 109
Old Mutual Corporate	B	1 978	727
Old Mutual Insure	B	495	543
Old Mutual Africa Regions	B	842	(391)
Central expenses	B	(1 471)	(804)
Results from operations		8 743	4 384
Shareholder investment return		1 468	2 726
Finance costs		(662)	(543)
Share of gains of associated undertakings and joint ventures after tax		(53)	1 252
Adjusted headline earnings before tax and non-controlling interests		9 496	7 819
Shareholder tax		(2 866)	(2 088)
Non-controlling interests		(259)	(329)
Adjusted headline earnings after tax and non-controlling interests		6 371	5 402
Adjusted weighted average number of ordinary shares (millions)	C1(a)	4 557	4 558
Adjusted headline earnings per share (cents)		139.8	118.5
Adjusted diluted weighted average number of ordinary shares (millions) ¹		4 495	4 630
Adjusted diluted headline earnings per share (cents)¹		141.7	116.7

¹ Adjusted diluted headline earnings per share added for enhanced disclosure purposes. Adjusted diluted earnings per share recognises the dilutive impact of shares and options held in ESOP and similar trusts, Black Economic Empowerment trusts and the Retail and Community BEE Schemes, to the extent they have value, in the calculation of the weighted average number of shares, as if the relevant shares were in issue for the full year.

Reconciliation of adjusted headline earnings to IFRS profit after tax¹

Rm	Notes	December 2022	December 2021
Adjusted headline earnings after tax and non-controlling interests		6 371	5 402
Investment return on Group equity and debt instruments held in policyholder funds	A1.6(a)	422	(190)
Impact of restructuring	A1.6(b)	(152)	(1 482)
Operations in hyperinflationary economies	A1.6(c)	1 134	3 489
Non-core operations	A1.6(d)	173	(10)
Headline earnings		7 948	7 209
Impairment of goodwill and other intangible assets and property, plant and equipment and other headline earnings adjustments		(492)	(559)
Remeasurement of non-current asset held for sale		-	4
Reversal of impairment of associated undertakings		-	37
Profit on disposal of property, plant and equipment		-	7
Loss on disposal of subsidiaries and associated undertakings		(131)	(36)
Profit after tax for the financial period attributable to equity holders of the parent		7 325	6 662

¹ Refer to Note A1.6 for more information on the basis of preparation of adjusted headline earnings (AHE) and the adjustments applied in the determination of AHE.

The amounts reflected are after tax and non-controlling interests.

Consolidated statement of financial position

At 31 December 2022

Rm	Notes	At 31 December 2022	At 31 December 2021
Assets			
Goodwill and other intangible assets	H1	6 934	6 234
Mandatory reserve deposits with central banks		173	195
Property, plant and equipment	H2(a)	8 275	9 155
Investment property	H2(b)	42 530	38 672
Deferred tax assets	H7(a)	1 911	2 455
Investments in associated undertakings and joint ventures	I2	1 065	908
Deferred acquisition costs	H3	455	405
Costs of obtaining contracts	D8(b)	1 390	1 496
Loans and advances	F1	18 772	18 722
Investments and securities ¹	G1(a)	892 091	899 388
Other investments and securities including term deposits		866 767	877 198
Cash and cash equivalents		25 324	22 190
Reinsurers' share of policyholder liabilities	G2(b)	9 544	13 372
Current tax receivable		412	459
Trade, other receivables and other assets	H4	35 879	22 802
Derivative financial instruments	G1(b)	9 688	6 391
Cash and cash equivalents		37 467	32 931
Assets held for sale	H9	370	269
Total assets		1 066 956	1 053 854
Liabilities			
Life insurance contract liabilities	G2(i)	145 118	155 349
Investment contract liabilities with discretionary participating features	G2(e)	233 695	245 483
Investment contract liabilities	G2(d)	375 044	393 787
Property and Casualty liabilities	G2(i)	11 706	11 206
Third-party interests in consolidated funds		102 749	77 308
Borrowed funds	G3	16 713	17 506
Provisions	H5	1 749	1 767
Contract liabilities	H6	1 355	1 272
Deferred tax liabilities	H7(b)	3 293	6 453
Current tax payable		701	499
Trade, other payables and other liabilities	H8	91 001	63 934
Amounts owed to bank depositors	G4	4 706	5 905
Derivative financial instruments	G1(b)	12 580	8 084
Total liabilities		1 000 410	988 553
Net assets		66 546	65 301
Shareholders' equity			
Equity attributable to equity holders of the parent		63 841	62 174
Non-controlling interests			
Ordinary shares		2 705	3 127
Total non-controlling interests		2 705	3 127
Total equity		66 546	65 301

¹ The presentation of the statement of financial position, including the comparatives, has been amended to include additional information regarding the cash and cash equivalents component included in investments and securities. Refer to Note J6.2 for more information.

Consolidated statement of cash flows

For the year ended 31 December 2022

Rm	Notes	December 2022	Restated ¹ December 2021
Cash flows from operating activities			
Profit before tax		9 151	13 427
Non-cash movements and adjustments to profit before tax	J6	(9 388)	9 978
Net changes in working capital	J6	35 806	1 187
Taxation paid		(4 127)	(4 473)
Net cash inflow from operating activities²		31 442	20 119
Cash flows from investing activities			
Acquisition of financial investments		(15 226)	(13 137)
Acquisition of investment properties		(659)	(1 077)
Proceeds from disposal of investment properties	H2(b)	126	1
Dividends received from associated undertakings	I2(a)	89	219
Acquisition of property, plant and equipment		(1 100)	(874)
Proceeds from disposal of property, plant and equipment		56	55
Acquisition of intangible assets		(1 108)	(984)
Acquisition of interests in subsidiaries, associated undertakings and joint ventures	I2(a)	(615)	(104)
Net cash outflow from investing activities		(18 437)	(15 901)
Cash flows from financing activities			
Dividends paid to			
Ordinary equity holders of the Company	C4	(3 424)	(2 686)
Non-controlling interests and preferred security interests		(340)	(156)
Interest paid (excluding banking interest paid)		(780)	(645)
Proceeds from shares issued by subsidiaries ³		98	-
Acquisition of treasury shares – ordinary shares		(370)	(1 047)
Proceeds from disposal of treasury shares – ordinary shares		337	1 142
Proceeds from change in participation in subsidiaries		201	64
Lease liabilities repayments	H8	(506)	(528)
Proceeds from borrowed funds	G3(d)	3 404	3 451
Repayment of borrowed funds	G3(d)	(2 960)	(3 443)
Net cash outflow from financing activities		(4 340)	(3 848)
Net cash inflow		8 665	370
Effects of exchange rate changes on cash and cash equivalents		(1 017)	(87)
Cash and cash equivalents at beginning of the year		55 316	55 033
Cash and cash equivalents at end of the year		62 964	55 316
Comprising			
Mandatory reserve deposits with central banks		173	195
Cash and cash equivalents included in investments and securities		25 324	22 190
Cash and cash equivalents		37 467	32 931
Total		62 964	55 316

¹ These numbers have been restated, refer to note J6.2.

² Net cash inflow from operating activities include interest income of R30 473 million (2021: R27 417 million), dividend income from investments and securities of R15 327 million (2021: R12 535 million) and interest paid of R1 500 million (2021: R1 375 million).

³ Shares issued in terms of the retail scheme entity.

Consolidated statement of changes in equity

For the year ended 31 December 2022

Year ended 31 December 2022 Rm	Notes	Millions										
		Number of shares issued and fully paid	Share capital	Fair-value reserve	Property revaluation reserve	Share-based payments reserve	Liability credit reserve ¹	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
Shareholders' equity at beginning of the year		4 709	85	15	1 101	873	(335)	(7 568)	68 003	62 174	3 127	65 301
Profit after tax for the financial year		-	-	-	-	-	-	-	7 325	7 325	474	7 799
Other comprehensive income for the financial year		-	-	-	-	-	-	-	-	-	-	-
Items that will not be reclassified to profit or loss		-	-	-	-	-	-	-	-	-	-	-
Gains on property revaluations		-	-	-	990	-	-	-	-	990	-	990
Remeasurement gains on defined benefit plans		-	-	-	-	-	-	-	29	29	-	29
Fair value movement related to credit risk on borrowed funds		-	-	-	-	-	(42)	-	-	(42)	-	(42)
Share of other comprehensive income from associated undertakings and joint ventures		-	-	-	(70)	-	-	-	-	(70)	-	(70)
Shadow accounting		-	-	-	(344)	-	-	-	-	(344)	-	(344)
Income tax on items that will not be reclassified to profit or loss		-	-	-	(36)	-	-	-	(188)	(224)	-	(224)
		-	-	-	540	-	(42)	-	(159)	339	-	339
Items that may be reclassified to profit or loss		-	-	-	-	-	-	(3 663)	-	(3 663)	(508)	(4 171)
Currency translation differences on translating foreign operations		-	-	-	-	-	-	(3 663)	-	(3 663)	(508)	(4 171)
Total comprehensive income/(loss) for the financial year		-	-	-	540	-	(42)	(3 663)	7 166	4 001	(34)	3 967
Transactions with the owners of the Company		-	-	-	-	-	-	-	-	-	-	-
Contributions and distributions		-	-	-	-	-	-	-	-	-	-	-
New issuance of share capital during the year		205	159	-	-	-	-	-	(159)	-	-	-
Dividends for the year	C4	-	-	-	-	-	-	-	(3 424)	(3 424)	(340)	(3 764)
Share-based payment reserve movements		-	-	-	-	331	-	-	-	331	-	331
Transfer between reserves		-	-	(15)	-	(82)	-	-	2	(95)	95	-
Other movements in share capital ²		-	-	-	40	-	-	-	6	46	6	52
Total contributions and distributions		205	159	(15)	40	249	-	-	(3 575)	(3 142)	(239)	(3 381)
Changes in ownership and capital structure		-	-	-	-	-	-	-	-	-	-	-
Acquisition/change in participation in subsidiaries ³		-	-	-	-	-	-	-	808	808	(149)	659
Total changes in ownership and capital structure		-	-	-	-	-	-	-	808	808	(149)	659
Total transactions with the owners of the Company		-	-	(15)	40	249	-	-	(2 767)	(2 334)	(388)	(2 722)
Shareholders' equity at end of the year		4 914	244	-	1 681	1 122	(377)	(11 231)	72 402	63 841	2 705	66 546

¹ In the liability credit reserve, the Group recognises fair value gains and losses on the borrowed funds designated at fair value through profit or loss. The cumulative fair value gains and losses as a result of changes in the credit risk of the issued bonds are recognised in other comprehensive income and not in profit or loss. The balance of the total fair value gains and losses on these instruments is recognised in profit or loss. Refer to notes E4 and G3(d) for information regarding amounts repaid.

² Other movements in share capital includes a movement in retained earnings of R387 million (2021: R770 million) relating to own shares held by consolidated investment funds, employee share trusts and policyholder funds. These shares are treated as treasury shares in the consolidated financial statements.

³ Included in the NCI transfer to Retained Earnings is R636 million that relates to OMCH purchasing the remaining 25% interest held by Business Doctor in Old Mutual Finance. Refer to note J5.

Consolidated statement of changes in equity

For the year ended 31 December 2022

		Millions											
Year ended 31 December 2021		Number of shares issued and fully paid	Share capital	Fair-value reserve	Property revaluation reserve	Share-based payments reserve	Liability credit reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity	
Rm		Notes											
Shareholders' equity at beginning of the year			4 709	85	10	550	749	(271)	(7 854)	73 726	66 995	2 328	69 323
Profit after tax for the financial year			-	-	-	-	-	-	6 662	6 662	801	7 463	
Other comprehensive income for the financial year													
Items that will not be reclassified to profit or loss													
Gains on property revaluations			-	-	-	817	-	-	-	817	-	817	
Remeasurement gains on defined benefit plans			-	-	-	-	-	-	22	22	-	22	
Fair value movement related to credit risk on borrowed funds			-	-	-	-	(64)	-	-	(64)	-	(64)	
Share of other comprehensive income from associated undertakings and joint ventures			-	-	-	(35)	-	-	(5)	(40)	-	(40)	
Shadow accounting			-	-	-	(219)	-	-	-	(219)	-	(219)	
Income tax on items that will not be reclassified to profit or loss			-	-	-	(12)	-	-	(8)	(20)	-	(20)	
Items that may be reclassified to profit or loss													
Currency translation differences on translating foreign operations			-	-	-	-	-	125	-	125	62	187	
Exchange differences reclassified to profit or loss on disposal of businesses			-	-	-	-	-	203	-	203	-	203	
Share of other comprehensive income from associated undertakings and joint ventures			-	-	(33)	-	-	(42)	-	(75)	-	(75)	
Income tax on items that may be reclassified subsequently to profit or loss			-	-	-	-	-	-	-	-	-	-	
Total comprehensive (loss)/income for the financial year			-	-	(33)	551	(64)	286	6 671	7 411	863	8 274	
Transactions with the owners of the Company													
Contributions and distributions													
Dividends for the year		C4	-	-	-	-	-	-	(13 342)	(13 342)	(156)	(13 498)	
Share-based payment reserve movements			-	-	-	259	-	-	34	293	-	293	
Transfer between reserves			-	-	-	(135)	-	-	101	(34)	34	-	
Other movements in share capital			-	-	38	-	-	-	802	840	(6)	834	
Total contributions and distributions			-	-	38	-	124	-	(12 405)	(12 243)	(128)	(12 371)	
Changes in ownership and capital structure													
Acquisition/change in participation in subsidiaries			-	-	-	-	-	-	11	11	64	75	
Total changes in ownership and capital structure			-	-	-	-	-	-	11	11	64	75	
Total transactions with the owners of the Company			-	-	38	-	124	-	(12 394)	(12 232)	(64)	(12 296)	
Shareholders' equity at end of the year			4 709	85	15	1 101	873	(335)	(7 568)	68 003	62 174	3 127	65 301

Notes to the consolidated financial statements

For the year ended 31 December 2022

A: Significant accounting policies

A1: Basis of preparation

1.1 Statement of compliance

Old Mutual Limited (the Company) is a company incorporated in South Africa. The financial statements for the year ended 31 December 2022 consolidates the results of the Company and its subsidiaries (together the Group) and equity accounts the Group's interest in associates and joint ventures (other than those held by investment-linked insurance funds and investments in venture capital divisions which are accounted for as investments at fair value through profit or loss).

The consolidated and separate financial statements (financial statements) comprise the consolidated and separate statements of financial position at 31 December 2022, the consolidated and separate income statement, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year ended 31 December 2022 and explanatory notes to the consolidated and separate financial statements (including the consolidated supplementary income statement).

The financial statements are prepared on the going concern basis, which the directors believe is appropriate, taking into account the Group's most recent business plan and the capital and liquidity position. The financial statements were approved by the Board of directors on 23 March 2023.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), including interpretations of IFRS as issued by the IFRS Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, and requirements of the Companies Act, 71 of 2008 (Companies Act).

The annual financial statements fairly present, in all material respects, the financial position, financial performance, and cash flows of the Group in terms of the IFRS.

Only material information, as determined using the Group's internal framework for materiality has been included in these annual financial statements. The Group's internal framework for materiality was developed taking into cognisance, the requirements of IFRS, the JSE Listings Requirements as well as other relevant statutory reporting requirements applicable to the Group. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of these financial statements make based on these financial statements.

The Group presents separately each material class of similar items. The Group also presents separately items of a dissimilar nature or function unless they are immaterial.

If a line item is not individually material, it is aggregated with other items either in these financial statements or in the notes. An item that is not sufficiently material to warrant separate presentation in the primary statements may warrant separate presentation in the notes.

When applying the IFRS the Group shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. The Group does not reduce the understanding of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

IFRS specifies information that is required to be included in the financial statements, which include the notes. The Group does not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material and could detract from providing meaningful and concise financial statements. This is the case even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Group may also provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

The principal accounting policies applied in the preparation of the consolidated and separate financial statements are set out and included in the specific notes to which they relate. These policies have been consistently applied. The consolidated and separate financial statements have been prepared under the historical cost convention modified to include the fair valuation of investment property and particular financial instruments to the extent required or permitted under IFRS as set out in the relevant accounting policies.

Amounts are stated in millions of Rand (Rm), which is the presentation and the functional currency of the Group.

1.2 Comparative information

Unless otherwise indicated, comparative information presented at and for the year ended 31 December 2021 within these financial statements has been correctly extracted from the Group's audited consolidated financial statements for the year ended 31 December 2021.

1.3 Accounting policy elections

The following significant accounting policy elections have been made by the Group:

Area	Details
Financial instruments	<p>The Group has elected to designate certain financial assets and liabilities at fair value through profit or loss to reduce the accounting mismatch that would arise otherwise.</p> <p>This measurement election is typically utilised in respect of financial assets held to support liabilities in respect of contracts with policyholders.</p> <p>Regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting.</p>
Investment properties	<p>The Group has elected to recognise all investment properties at fair value, with changes in fair value being recognised in profit or loss.</p>
Property, plant and equipment	<p>Land and buildings are stated at revalued amounts, being fair value less subsequent depreciation and impairment.</p> <p>Revaluation surpluses are recognised in equity, through other comprehensive income. When the property is disposed of, the cumulative revaluation surplus is transferred directly to retained earnings.</p> <p>Plant and equipment are carried at cost less accumulated depreciation.</p>
Investment in venture capital divisions and investment-linked insurance funds	<p>In venture capital divisions and investment-linked insurance funds, the Group has elected to carry associate and joint-venture entities at fair value through profit or loss.</p>
Policyholder liabilities: insurance contracts and investment contracts with discretionary participating features	<p>Although not an accounting policy election, the measurement of policyholder liabilities under IFRS 4 <i>Insurance Contracts</i> currently refers to existing local practice. In South Africa, the valuation basis of such policyholder liabilities is made in accordance with the Financial Soundness Valuation basis as set out in actuarial guidance issued by the Actuarial Society of South Africa in Standard of Actuarial Practice (SAP) 104. Under this guidance, provisions are valued using realistic expectations of future experience, with margins for prudence and deferral of profit emergence. For territories outside of South Africa, local actuarial practices and methodologies are applied.</p>
Investments in subsidiaries, associated undertakings and joint ventures	<p>The Group has elected to recognise these investments at cost in the Company financial statements.</p>

1.4 Going concern

The Group has performed a going concern assessment in order to support the 2022 annual reporting process. This assessment has relied on the Group's 2022 interim financial results as well as the 2023 to 2025 operational business plan. The operational business plan considered the projected new business, profitability and solvency over the plan period together with other items which may impact the business's ability to continue as a going concern.

Despite the challenging local economic environment, the results of the projections indicate that the Group is expected to remain sufficiently capitalised to continue as a going concern. No material uncertainty in relation to the going concern has been identified and no items were identified through the operational business plan process that are expected to negatively impact the ability to continue as a going concern.

Based on the above reviews, no material uncertainties that would require disclosure have been identified in relation to the ability of the Group to remain a going concern for at least the next 12 months. The directors therefore consider it appropriate for the going concern basis to be adopted in preparing the annual financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2022

A: Significant accounting policies continued

A1: Basis of preparation continued

1.5 Foreign currency translation

Translation of foreign operations into the Group's presentation currency

The assets and liabilities of foreign operations are translated from their respective functional currencies into the Group's presentation currency (being the South African Rand), using the period-end exchange rates, and their income and expenses using the average exchange rates for the year. Cumulative translation gains and losses up to 1 January 2015, being the effective date of the Group's conversion to IFRS, were reset to zero. Other than in respect of cumulative translation gains and losses up to 1 January 2015, cumulative unrealised gains or losses resulting from translation of functional currencies to the presentation currency are included as a separate component of shareholders' equity. Upon the disposal of subsidiaries, the cumulative amount of exchange differences post 1 January 2015, deferred in shareholders' equity is recognised in profit or loss. The accounting for Zimbabwe as a hyperinflationary economy is excluded from this policy and is explained in Note A2(b).

The exchange rates used to translate the operating results, assets and liabilities of key foreign businesses to rand are:

	Year ended		Year ended	
	31 December 2022		31 December 2021	
	Income statement (average rate)	Statement of financial position (closing rate)	Income statement (average rate)	Statement of financial position (closing rate)
Pound sterling	20.1673	20.5865	20.3372	21.5601
US dollar	16.3700	17.0374	14.7870	15.9372
Kenyan shilling	0.1388	0.1381	0.1348	0.1409
Zimbabwe dollar ¹	0.0237	0.0237	0.1099	0.1099

¹ Income statement also translated at closing rate due to hyperinflation accounting being applied.

1.6 Basis of preparation of adjusted headline earnings

Purpose of adjusted headline earnings

Adjusted headline earnings (AHE) is an alternative non-IFRS profit measure used alongside IFRS profit to assess performance of the Group. It is one of a range of measures used to assess management performance and performance-based remuneration outcomes. In addition, it is used in setting the dividend to be paid to shareholders. Non-IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities.

Due to the long-term nature of the Group's operating businesses, management considers that AHE is an appropriate alternative basis by which to assess the operating results of the Group and that it enhances the comparability and understanding of the financial performance of the Group. It is calculated as headline earnings in accordance with JSE Listings Requirements and SAICA Circular 01/2021 adjusted for items that are not considered reflective of the long-term economic performance of the Group. AHE is presented to show separately the Results from operations, which measure the operational performance of the Group from items such as investment return, finance costs and income from associated undertakings. The adjustments from headline earnings to AHE are explained below.

The Group Audit committee regularly reviews the determination of AHE and the use of adjusting items to confirm that it remains an appropriate basis against which to analyse the operating performance of the Group. The committee assesses refinements to the policy on a case-by-case basis, and seeks to minimise such changes in order to maintain consistency over time.

The adjustments applied in the determination of AHE are:

- Investment return adjustment for Group equity and debt instruments held in policyholder funds**
Represents the investment returns on policyholder investments in Group equity and debt instruments held by the Group's policyholder funds. This includes investments in the Company's ordinary shares and the subordinated debt and ordinary shares issued by subsidiaries of the Group. These investment returns are eliminated within the consolidated income statement in arriving at profit before tax, but are added back in the calculation of AHE. This ensures consistency with the measurement of the related policyholder liability.
- Impact of restructuring**
Represents the elimination of non-recurring expenses or income related to material acquisitions, disposals or a fundamental restructuring of the Group. This adjustment would therefore include items such as the costs or income associated with completed acquisitions or disposals and the release of any acquisition date provisions. These items are removed from AHE as they are not representative of the operating activity of the Group and by their nature they are not expected to persist in the long term. In the current period, the restructuring line includes non-recurring income related to prior acquisitions, partly offset by once-off implementation costs related to the Bula Tsela B-BBEE ownership transaction. In the prior period, the restructuring line included costs mostly relating to the Nedbank unbundling.

- Operations in hyperinflationary economies**

Until such time as we are able to access capital by way of dividends from the business in Zimbabwe, we will manage it on a ring-fenced basis and exclude its results from AHE. The lack of ability to access capital by way of dividends is exacerbated by the volatility that a hyperinflationary economy and the reporting thereof introduces. This adjustment has been applied from 1 January 2019.

- Non-core operations**

Represents the elimination of the results of businesses or operations classified as non-core. This adjustment represents the net losses associated with the operations of the Residual plc. Residual plc is not considered part of the Group's principal operations due to the fact that it is in the process of winding down and therefore the associated costs are removed from AHE.

1.7 Basis of preparation of other non-IFRS measures

The Group uses AHE in the calculation of various other non-IFRS measures which are used by management, alongside IFRS metrics, to assess performance. Non-IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities. The basis of preparation of each is outlined below.

- Return on adjusted net asset value (RoNAV)**

RoNAV (expressed as a percentage), is calculated as AHE divided by the average of the opening, mid-year and closing balances of Adjusted IFRS equity. Adjusted IFRS equity is calculated as IFRS equity attributable to operating segments before adjustments related to the Group shares. It excludes equity related to the Residual plc, discontinued operations (if applicable) and operations in hyperinflationary economies. A reconciliation is presented in Note C3.

RoNAV is used to assess and measure the capital efficiency of the Group and it is one of a range of measures by which management performance and remuneration is assessed. The adjustments made to Adjusted IFRS equity mirror those made in AHE to ensure consistency of the numerator and denominator in the calculation of RoNAV.

- AHE per share**

AHE per share is calculated as AHE divided by the Adjusted weighted average number of shares. The weighted average number of shares is adjusted to reflect the Group's BEE shares and the shares held in policyholder funds and consolidated investment funds as being in the hands of third parties, consistent with the treatment of the related revenue in AHE. Refer to Note C1 for more information.

AHE per share is used alongside IFRS earnings, to assess performance of the Group. It is also used in assessing and setting the dividend to be paid to shareholders.

A2: Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical accounting estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of Old Mutual Limited for the year ended 31 December 2021.

Critical accounting judgements

The following sets out the items that require the Group to make critical estimates and judgements in the application of the relevant accounting policy, with additional detail provided below on key accounting judgements applied in the current and prior period.

Critical accounting judgements	Accounting policy reference
Nedbank unbundling and dividend in specie	A2(a)
Accounting matters relating to Zimbabwe	A2(b)

- Investment in Nedbank**

Investment in Nedbank – Classification as an asset held for sale and distribution

Based on the facts and circumstances that existed at 23 June 2021, the directors had formally assessed and concluded that it was appropriate to classify the 12.2% stake being distributed as an asset held for sale and distribution. In concluding on this judgement, the directors considered that based on the demonstrated and communicated commitment to unbundle the stake in Nedbank, the probability of obtaining regulatory approvals, the stake was available for immediate distribution in its present form and distribution was expected to conclude within the next 12 months, that this classification is appropriate.

The unbundling of the Nedbank investment was concluded in November 2021. The Nedbank investment was disposed at a value of R10 656 million and was distributed as a dividend in specie to shareholders of the Group. The Group no longer has significant influence in Nedbank and the retained stake was reclassified to investments and securities at fair value through profit or loss within the 2021 reporting period.

Notes to the consolidated financial statements

For the year ended 31 December 2022

A: Significant accounting policies continued

A2: Critical accounting estimates and judgements continued

Critical accounting judgements continued

(b) Accounting matters relating to Zimbabwe

A critical judgement for the Group is the estimation of the Zimbabwean exchange rate and valuation of assets within Zimbabwe. Other accounting matters that the Group have considered include the hyperinflation economy and IFRS profits earned in Zimbabwe.

Application of hyperinflationary accounting – Zimbabwe exchange rate

In June 2020, the RBZ implemented a formal market-based foreign exchange trading system (auction trading system), which was operational from 23 June 2020. The intention of this system was expected to bring transparency and efficiency in the trading of foreign currency in the economy. The auction trading system does not prioritise transactions of a capital nature, and therefore in our capacity as shareholders of Old Mutual Zimbabwe Limited, we do not consider the Group to effectively have access to this rate, and therefore there is a long-term lack of exchangeability.

On 9 May 2022, the RBZ introduced the interbank exchange rate in the country to aid in accessibility of foreign currency. The interbank exchange rate however remains constrained. Market participants willing to buy USD from any bank and participate in the interbank exchange market are required to qualify (subject to approval by the RBZ) to participate in the transaction. For buyers, qualification depends on the availability of the funds in the bank as well as the purpose of the funds. Old Mutual's operations do not form part of the prioritised buyers, and as a result are unable to access the interbank rate.

Based on the limitations related to both the auction and interbank rates, the Group has estimated an exchange rate that more appropriately reflects observable differences between ZWL\$ and US dollar values. For the purposes of 31 December 2022 reporting, a ZWL\$ to US dollar exchange rate of 720 to 1 (2021: 145 to 1) has been applied.

The estimated exchange rate has been calculated on a similar basis to the exchange rate used in the prior period. On a global scale, maize prices have increased 213% on average year to date, mainly due to global supply constraints as a result of the war in Ukraine. The underlying costs have, however, been fixed for Zimbabwean transactors, partly to alleviate pricing pressure within the country. Consequently, this input has been excluded in the calculation and the newly introduced Interbank rate has been added as the fourth input. The remaining three inputs remain unchanged: the global relative fuel prices, a CPI-adjusted Group exchange rate based on the relative inflationary moves between Zimbabwe and the US and the auction rate.

In accordance with the provisions of IAS 21 *The Effects of Changes in Foreign Exchange Rates* the results, net assets and cash flows have been translated at the closing exchange rate.

Valuation of assets within Zimbabwe

The prevailing economic conditions within Zimbabwe, requires significant judgement when evaluating assets. The Group has exposure to property assets, unlisted and listed investments. Listed investments comprise equity shareholdings in companies listed on the Zimbabwe Stock Exchange (ZSE) and other international stock exchanges while the Group's unlisted investment portfolio primarily comprises of private equity investments. All assets have applied valuation principles as outlined within IFRS.

Zimbabwe as a hyperinflationary economy

During the period, the Group concluded that Zimbabwe continued to remain a hyperinflationary economy.

Consistent with the prior period, the Group has elected to use the Zimbabwe Consumer Price Index (CPI) of 13 672.91 at 31 December 2022 (2021: 3 977.5) to restate amounts, as CPI provides an official observable indication of the change in the price of goods and services.

The impact of applying IAS 29 in the current period resulted in a decrease in net asset value and profit after tax of R466 million (2021: R94 million).

IFRS profits earned within Zimbabwe

During the current period, our operations in Zimbabwe reported pre-tax IFRS profits of R1.4 billion (2021: R4.1 billion), of which R928 million (2021: R3.1 billion) was driven by an increase in investment returns earned on the Group's shareholder portfolio. Most of these investment returns relate to fair value gains earned on equities traded on the ZSE. The ZSE generated returns of 80% (2021: 311%) during the period, driven by investors seeking safe-haven assets due to continued movements in CPI. We caution users of these financial statements that these returns are volatile and may reverse in the future.

Sensitivities

The following table illustrates the sensitivity of profit and equity attributable to equity holders of the parent to changes in the rate used to translate the financial results and position of the Zimbabwean business. The sensitivities include a depreciation of 50% (ZWL\$: 0,0118 ZAR) and 75% (ZWL\$: 0,0059 ZAR) of the existing rate. In addition, the results have also been stated at the closing auction rate (ZWL\$: 0,0254 ZAR) and inter-bank rate (ZWL\$: 0,0249 ZAR) as at 31 December 2022.

Condensed income statement for the year ended 31 December 2022

Exchange rate Rm	As reported ZWL\$: 0.02 ZAR	ZWL\$: 0.01 ZAR	ZWL\$: 0.01 ZAR	Auction ZWL\$: 0.03 ZAR	Interbank ZWL\$: 0.03 ZAR
Total revenues	14 345	6 875	3 438	14 745	14 467
Total expenses	(12 972)	(6 218)	(3 109)	(13 334)	(13 083)
Profit before tax	1 373	657	329	1 411	1 384
Income tax expense	(90)	(42)	(22)	(93)	(91)
Profit after tax for the financial period	1 283	615	307	1 318	1 293

Condensed income statement for the year ended 31 December 2021

Exchange rate Rm	As reported ZWL\$: 0.11 ZAR	ZWL\$: 0.05 ZAR	ZWL\$: 0.08 ZAR	ZWL\$: 0.15 ZAR
Total revenues	18 513	9 257	12 783	24 703
Total expenses	(14 441)	(7 221)	(9 971)	(19 270)
Profit before tax	4 072	2 036	2 812	5 433
Income tax expense	(138)	(69)	(95)	(184)
Profit after tax for the financial period	3 934	1 967	2 717	5 249

Condensed statement of financial position at 31 December 2022

Exchange rate Rm	As reported ZWL\$: 0.02 ZAR	ZWL\$: 0.01 ZAR	ZWL\$: 0.01 ZAR	Auction ZWL\$: 0.03 ZAR	Interbank ZWL\$: 0.03 ZAR
Total assets	23 008	11 504	5 752	24 671	24 207
Total liabilities	(19 821)	(9 911)	(4 955)	(21 254)	(20 854)
Net assets	3 187	1 593	797	3 417	3 353

Condensed statement of financial position at 31 December 2021

Exchange rate Rm	As reported ZWL\$: 0.11 ZAR	ZWL\$: 0.05 ZAR	ZWL\$: 0.08 ZAR	ZWL\$: 0.15 ZAR
Total assets	28 141	14 070	19 430	37 550
Total liabilities	(23 158)	(11 579)	(15 990)	(30 901)
Net assets	4 983	2 491	3 440	6 649

For the year ended 31 December 2022

Exchange rate Rm	As reported ZWL\$: 0.02 ZAR	ZWL\$: 0.01 ZAR	ZWL\$: 0.01 ZAR	Auction ZWL\$: 0.03 ZAR	Interbank ZWL\$: 0.03 ZAR
Profit after tax attributable to equity holders of the parent	1 134	540	270	1 159	1 137
Equity attributable to equity holders of the parent	2 818	1 409	705	3 022	2 965

For the year ended 31 December 2021

Exchange rate Rm	As reported ZWL\$: 0.11 ZAR	ZWL\$: 0.05 ZAR	ZWL\$: 0.08 ZAR	ZWL\$: 0.15 ZAR
Profit after tax attributable to equity holders of the parent	3 513	1 756	2 425	4 687
Equity attributable to equity holders of the parent	4 411	2 205	3 046	5 886

The below sensitivity shows the potential impact on the investment values and profit attributable to the equity holders of the parent, should there be significant movements on the Zimbabwean Stock Exchange (ZSE).

For the period ended December 2022, the ZSE recorded a gain of 80% (31 December 2021: 311%). The return generated on the ZSE is due to investors allocating greater proportions of their investable portfolios into the stock market as a 'safe haven'. For the period ended December 2022, the Zimbabwe shareholder portfolio generated a return of R928 million, with R692 million of this being generated from local equities.

Notes to the consolidated financial statements

For the year ended 31 December 2022

A: Significant accounting policies continued

A2: Critical accounting estimates and judgements continued

Critical accounting judgements continued

(c) Accounting matters relating to Zimbabwe continued

For the year ended 31 December 2022

Equity risk sensitivity Rm	As reported	50% increase	50% decrease	75% decrease
Profit after tax attributable to equity holders of the parent	1 134	1 606	662	426
Equity attributable to equity holders of the parent	2 818	3 290	2 346	2 110
Listed equities (total for both shareholders and policyholders)	5 605	8 408	2 803	1 401

For the year ended 31 December 2021

Equity risk sensitivity Rm	As reported	50% increase	50% decrease	75% decrease
Profit after tax attributable to equity holders of the parent	3 513	5 518	1 507	504
Equity attributable to equity holders of the parent	4 411	6 416	2 405	1 403
Listed equities (total for both shareholders and policyholders)	13 319	19 979	6 660	3 330

Critical accounting estimates

The following table sets out the items that require the Group to make critical estimates and judgements in the application of the relevant accounting policy, with additional detail provided below on key accounting judgements applied in the current year. As such, additional disclosure has been provided in the relevant notes of the assets and liabilities that require estimation and judgement.

Critical accounting estimates	Accounting policy reference
Measurement of policyholder liabilities	G2
Fair value measurement of financial assets and liabilities	E1/E2/E3
Estimation of uncertain tax positions	D1/H7/J4
Investments in subsidiaries, associated undertakings and joint ventures	I1/I2/I3
Impairment allowances for loans and advances	F1
Impairment of goodwill and other intangible assets	H1
Fair value of property assets	H2(b)

A3: Liquidity analysis of the separate and consolidated statement of financial position

The separate and consolidated statements of financial position is in order of liquidity as is permitted by IAS 1 *Presentation of Financial Statements*.

Separate and consolidated statements of financial position captions generally expected to be recovered no more than 12 months after the reporting date are classified as current and as non-current if the expected recovery or settlement date is more than 12 months after the reporting date. The analysis of significant separate and consolidated statements of financial position captions into current and non-current are disclosed in the individual notes to which they relate.

A4: Items labelled as 'Other'

Where items have been found to be individually immaterial they have been disclosed under the 'Other' category. Where applicable footnotes have also been added to reflect the nature of these amounts and/or the major balances contained within these line items.

A5: Impairment of investments and loss on disposal of subsidiaries

Changes of interest in subsidiaries in the Group financial statements

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company. When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

B: Segment information

B1: Basis of segmentation

1.1 Segment presentation

The executive management team of Old Mutual Limited, with the support of the Board, was responsible for the assessment of performance and the allocation of resources of the continuing business operations during the year under review. The Group has identified the Chief Operating Decision Maker (CODM) to be the executive management team of Old Mutual Limited. The Group's operating segments have been identified based on the internal management reporting structure which is reflective of the nature of products and services as well as the target customer base. The managing directors of the operating segments form part of the executive team. Therefore, the CODM, being the executive team of Old Mutual Limited, is structured in a way reflective of the internal reporting structure.

The Group manages its business through the following operational segments, which are supported by central shareholder activities and enabling functions.

- » **Mass and Foundation Cluster:** A retail segment that operates in Life and Savings and Banking and Lending. It provides simple financial services products to customers in the low-income and lower-middle income markets. These products are divided into four categories being (i) risk, including funeral cover, (ii) savings, (iii) lending and (iv) transactional products.
- » **Personal Finance and Wealth Management:** Personal Finance is a retail segment that operates primarily in Life and Savings. It provides holistic financial advice and long-term savings, investment, income and risk products and targets the middle-income market. Wealth Management is a retail segment targeting high income and high net worth individuals, that provides vertically integrated advice, investment solutions and funds, and other financial solutions.
- » **Old Mutual Investments:** Operates across Asset Management through three distinct segments: (i) Listed asset management comprising three affiliate businesses being Futuregrowth, Marriott and Old Mutual Investment Group. (ii) Old Mutual Alternative Investment, an unlisted investment affiliate business, and (iii) Specialised Finance, a proprietary risk and investment capability which manages and supports the origination of assets.
- » **Old Mutual Corporate:** Operates in Life and Savings and primarily provides group risk, investments, annuities and consulting services to employee-sponsored retirement and benefit funds.
- » **Old Mutual Insure:** Provides non-life insurance products through three operational channels: (i) Retail (including direct: iWYZE), (ii) Speciality and (iii) Credit Guarantee (CGIC).
- » **Old Mutual Africa Regions:** Operates in Life and Savings, Property and Casualty (including health insurance), Banking and Lending (including micro-lending) and Asset Management. The segment operates in 12 countries across three regions: Southern Africa, East Africa and West Africa. This segment was previously known as Rest of Africa.
- » **Other Group Activities:** Comprises the activities related to the management of the Group's capital structure. This includes the management of shareholder investment assets including the associated shareholder investment return and third-party borrowings including the associated finance costs. Also included are net assets and operations of Residual plc.

1.2 Presentation and disclosure

The primary measure of the business performance of the operating segments. Calculated as adjusted headline earnings before shareholder tax and non-controlling interests, excluding net investment return on shareholder assets, finance costs and income from Group associates. Included in the Adjusting items and reclassifications are mainly adjustments derived from AHE and the Zimbabwe business to reconcile back to IFRS.

Notes to the consolidated financial statements

For the year ended 31 December 2022

B: Segment information

B2: Segmental income statement

For the year ended 31 December 2022 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities and inter- company eliminations	Adjusted headline earnings	Consolidation of funds	Adjusting items and reclassifications	Total IFRS
Revenue											
Gross insurance premium revenue	12 988	16 199	-	27 238	17 010	11 511	(789)	84 157	-	1 511	85 668
Outward reinsurance	(41)	(1 511)	-	(2 225)	(5 428)	(1 816)	196	(10 825)	-	(306)	(11 131)
Net earned premiums	12 947	14 688	-	25 013	11 582	9 695	(593)	73 332	-	1 205	74 537
Investment return (non-banking)	208	(13 032)	6 412	8 672	335	3 599	(1 824)	4 370	3 431	12 845	20 646
Banking interest and similar income	2 664	-	-	-	-	623	-	3 287	-	1 218	4 505
Banking trading, investment and similar income	-	-	-	-	-	72	-	72	-	954	1 026
Fee and commission income, and income from service activities	479	6 896	2 917	467	1 354	1 231	(2 033)	11 311	(637)	886	11 560
Other income	220	321	156	730	(190)	383	(88)	1 532	131	(728)	935
Total revenue	16 518	8 873	9 485	34 882	13 081	15 603	(4 538)	93 904	2 925	16 380	113 209
Expenses											
Gross claims and benefits (including change in insurance contract provisions)	(5 923)	(12 758)	-	(27 740)	(11 248)	(10 208)	51	(67 826)	-	(9 928)	(77 754)
Reinsurance recoveries	39	1 614	-	1 900	3 968	743	(81)	8 183	-	89	8 272
Net claims and benefits incurred	(5 884)	(11 144)	-	(25 840)	(7 280)	(9 465)	(30)	(59 643)	-	(9 839)	(69 482)
Change in investment contract liabilities	(16)	14 369	(5 096)	(1 098)	-	(107)	261	8 313	-	(656)	7 657
Credit impairment charges	(722)	(21)	-	40	-	(68)	(237)	(1 008)	-	(71)	(1 079)
Finance costs	-	-	-	-	-	-	-	-	-	(662)	(662)
Banking interest payable and similar expenses	(387)	-	-	-	-	(202)	-	(589)	-	(241)	(830)
Fee and commission expenses, and other acquisition costs	(2 705)	(3 215)	(478)	(1 016)	(2 815)	(1 137)	1 450	(9 916)	(192)	(293)	(10 401)
Change in third-party interest in consolidated funds	-	-	-	-	-	-	-	-	(1 846)	-	(1 846)
Other operating and administrative expenses	(4 385)	(7 083)	(2 644)	(4 871)	(2 491)	(3 619)	1 213	(23 880)	(887)	(2 633)	(27 400)
Policyholder tax	23	1 438	(27)	(119)	-	(163)	410	1 562	-	(1 562)	-
Total expenses	(14 076)	(5 656)	(8 245)	(32 904)	(12 586)	(14 761)	3 067	(85 161)	(2 925)	(15 957)	(104 043)
Share of gains of associated undertakings and joint ventures after tax	-	-	-	-	-	-	-	-	-	118	118
Impairment of investments in associated undertakings	-	-	-	-	-	-	-	-	-	-	-
Profit on disposal of subsidiaries and associated undertakings	-	-	-	-	-	-	-	-	-	(133)	(133)
Results from operations¹	2 442	3 217	1 240	1 978	495	842	(1 471)	8 743	-	408	9 151
Shareholder investment return	-	-	-	-	50	727	691	1 468	-	(1 468)	-
Finance costs	-	-	-	-	(31)	(99)	(532)	(662)	-	662	-
Share of gains of associated undertakings and joint ventures after tax	-	-	-	-	-	-	(53)	(53)	-	53	-
Adjusted headline earnings before tax and non-controlling interests	2 442	3 217	1 240	1 978	514	1 470	(1 365)	9 496	-	(345)	9 151
Shareholder tax	(794)	(867)	(343)	(556)	(192)	(395)	281	(2 866)	-	1 514	(1 352)
Non-controlling interests	(133)	(2)	(22)	-	(130)	28	-	(259)	-	(215)	(474)
Adjusted headline earnings	1 515	2 348	875	1 422	192	1 103	(1 084)	6 371	-	954	7 325
Investment return adjustment for Group equity and debt instruments held in policyholder funds	-	-	-	-	-	272	150	422	-	(422)	-
Impact of restructuring	(39)	-	-	-	-	(78)	(35)	(152)	-	152	-
Operations in hyperinflationary economies	-	-	-	-	-	1 134	-	1 134	-	(1 134)	-
Non-core operations	-	-	-	-	-	-	173	173	-	(173)	-
Headline earnings	1 476	2 348	875	1 422	192	2 431	(796)	7 948	-	(623)	7 325
Adjustments											
Remeasurement of non-current asset/disposal group HFS	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment of goodwill and other intangibles assets and property, plant and equipment	-	(3)	-	-	-	(185)	(304)	(492)	-	492	-
Impairment of investments in associated undertakings	-	-	-	-	-	-	-	-	-	-	-
Profit on disposal of subsidiaries and associated undertakings	-	-	(12)	-	16	-	(135)	(131)	-	131	-
Profit after tax for the financial year attributable to equity holders of the parent	1 476	2 345	863	1 422	208	2 246	(1 235)	7 325	-	-	7 325
Profit for the financial period attributable to non-controlling interests	138	11	24	54	130	117	-	474	-	-	474
Profit after tax for the financial year	1 614	2 356	887	1 476	338	2 363	(1 235)	7 799	-	-	7 799

¹ Results from operations is a segmental performance measure used by the Group and is defined in Note B1 (1.2).

Total Inter-segments revenue included in total revenue is as follows: Mass and Foundation Cluster is R1 153 million (2021: R1 082 million), Personal Finance and Wealth Management is R6 002 million (2021: R5 395 million), Old Mutual Investments is R6 244 million (2021: R5 568 million), Old Mutual Corporate is R10 066 million (2021: R9 329 million), Old Mutual Insure is R10 million (2021: R1 million), Old Mutual Africa Regions is R11 million (2021: R51 million) and Other Group Activities is R12 324 million (2021: R12 732 million).

Segmental income statements are disclosed to match the way the business is managed. This will not align to disaggregated revenue (D8) as it represents the IFRS 15 view of income.

Notes to the consolidated financial statements

For the year ended 31 December 2022

B: Segment information

B2: Segmental income statement

For the year ended 31 December 2021 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities and inter- company eliminations	Adjusted headline earnings	Consolidation of funds	Adjusting items and reclassifications	Total IFRS
Revenue											
Gross insurance premium revenue	12 762	16 657	–	27 829	15 914	9 648	(409)	82 401	–	1 440	83 841
Outward reinsurance	(39)	(1 426)	–	(1 995)	(6 649)	(1 417)	407	(11 119)	–	(171)	(11 290)
Net earned premiums	12 723	15 231	–	25 834	9 265	8 231	(2)	71 282	–	1 269	72 551
Investment return (non-banking)	4 706	56 224	8 108	52 131	96	6 582	(2 145)	125 702	13 709	17 636	157 047
Banking interest and similar income	2 796	–	–	–	–	724	–	3 520	–	827	4 347
Banking trading, investment and similar income	–	–	–	–	–	79	–	79	–	354	433
Fee and commission income, and income from service activities	435	7 384	2 721	398	1 408	1 092	(1 906)	11 532	(668)	963	11 827
Other income	246	365	122	614	4	262	(49)	1 564	92	(47)	1 609
Total revenue	20 906	79 204	10 951	78 977	10 773	16 970	(4 102)	213 679	13 133	21 002	247 814
Expenses											
Gross claims and benefits (including change in insurance contract provisions)	(10 574)	(31 458)	–	(66 832)	(6 158)	(12 607)	168	(127 461)	–	(11 784)	(139 245)
Reinsurance recoveries	46	3 655	–	2 605	662	765	(110)	7 623	–	56	7 679
Net claims and benefits incurred	(10 528)	(27 803)	–	(64 227)	(5 496)	(11 842)	58	(119 838)	–	(11 728)	(131 566)
Change in investment contract liabilities	(23)	(37 554)	(7 109)	(8 927)	–	(796)	322	(54 087)	–	(860)	(54 947)
Credit impairment charges	(136)	(136)	–	(91)	–	(106)	–	(469)	–	(198)	(667)
Finance costs	–	–	–	–	–	–	–	–	–	(543)	(543)
Banking interest payable and similar expenses	(428)	(1)	–	–	–	(266)	–	(695)	–	(60)	(755)
Fee and commission expenses, and other acquisition costs	(2 604)	(4 038)	(420)	(844)	(2 626)	(947)	1 559	(9 920)	(277)	(309)	(10 506)
Change in third-party interest in consolidated funds	–	–	–	–	–	–	–	–	(11 874)	–	(11 874)
Other operating and administrative expenses	(4 225)	(7 278)	(2 297)	(3 952)	(2 108)	(3 304)	1 518	(21 646)	(982)	(2 268)	(24 896)
Policyholder tax	(210)	(1 946)	(16)	(209)	–	(100)	(159)	(2 640)	–	2 640	–
Total expenses	(18 154)	(78 756)	(9 842)	(78 250)	(10 230)	(17 361)	3 298	(209 295)	(13 133)	(13 326)	(235 754)
Share of gains of associated undertakings and joint ventures after tax	–	–	–	–	–	–	–	–	–	1 385	1 385
Impairment of investment in associated undertakings	–	–	–	–	–	–	–	–	–	18	18
Loss on disposal of subsidiaries, associated undertakings and strategic investments	–	–	–	–	–	–	–	–	–	(36)	(36)
Results from operations	2 752	448	1 109	727	543	(391)	(804)	4 384	–	9 043	13 427
Shareholder investment return	–	–	–	–	203	795	1 728	2 726	–	(2 726)	–
Finance costs	–	–	–	–	(29)	(90)	(424)	(543)	–	543	–
Share of gains of associated undertakings and joint ventures after tax	–	–	–	–	–	–	1 252	1 252	–	(1 252)	–
Adjusted headline earnings before tax and non-controlling interests	2 752	448	1 109	727	717	314	1 752	7 819	–	5 608	13 427
Shareholder tax	(862)	(87)	(292)	(204)	(255)	(148)	(240)	(2 088)	–	(3 876)	(5 964)
Non-controlling interests	(239)	(1)	(22)	–	(101)	34	–	(329)	–	(472)	(801)
Adjusted headline earnings	1 651	360	795	523	361	200	1 512	5 402	–	1 260	6 662
Investment return adjustment for Group equity and debt instruments held in policy holder funds	–	–	–	–	–	(93)	(97)	(190)	–	190	–
Impact of restructuring	(288)	–	–	–	–	(9)	(1 185)	(1 482)	–	1 482	–
Operations in hyperinflationary economies	–	–	–	–	–	3 489	–	3 489	–	(3 489)	–
Non-core operations	–	–	–	–	–	–	(10)	(10)	–	10	–
Headline earnings	1 363	360	795	523	361	3 587	220	7 209	–	(547)	6 662
Adjustments											
Remeasurement of non-current asset/disposal group HFS	–	–	–	–	–	–	4	4	–	(4)	–
Reversal of impairment/(impairment) of goodwill and other intangibles assets and property plant and equipment and other headline earnings adjustments	–	1	–	–	–	1	(560)	(558)	–	558	–
Profit on disposal of property, plant and equipment	–	–	–	–	–	3	4	7	–	(7)	–
Reversal of impairment on associated undertakings	–	–	1	–	–	–	36	37	–	(37)	–
Profit on disposal of subsidiaries and associated undertakings	–	–	14	–	–	–	(51)	(37)	–	37	–
Profit for the financial year attributable to equity holders of the parent	1 363	361	810	523	361	3 591	(347)	6 662	–	–	6 662
Profit for the financial period attributable to non-controlling interests	243	9	22	38	101	388	–	801	–	–	801
Profit after tax for the financial year	1 606	370	832	561	462	3 979	(347)	7 463	–	–	7 463

Notes to the consolidated financial statements

For the year ended 31 December 2022

B: Segment information

B3: Segmental statement of financial position

At 31 December 2022 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities and inter- company eliminations	Consolidation of funds	Total IFRS
Total assets¹	37 565	390 647	72 247	318 878	18 331	84 159	24 989	120 140	1 066 956
Policyholder liabilities	(14 789)	(353 244)	(60 463)	(278 328)	–	(49 779)	2 746	–	(753 857)
Life insurance contracts liabilities	1 322	(77 700)	(10)	(59 726)	–	(9 961)	957	–	(145 118)
Investment contract liabilities with discretionary participating features	(16 049)	(15 643)	–	(169 359)	–	(32 645)	1	–	(233 695)
Investment contract liabilities	(62)	(259 901)	(60 453)	(49 243)	–	(7 173)	1 788	–	(375 044)
Property and Casualty insurance liabilities	–	–	–	–	(7 570)	(4 060)	(76)	–	(11 706)
Other liabilities	(18 817)	(33 219)	(7 005)	(39 834)	(5 628)	(14 215)	4 122	(120 251)	(234 847)
Total liabilities	(33 606)	(386 463)	(67 468)	(318 162)	(13 198)	(68 054)	6 792	(120 251)	(1 000 410)
Net assets	3 959	4 184	4 779	716	5 133	16 105	31 781	(111)	66 546

At 31 December 2021 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities and inter- company eliminations	Consolidation of funds	Total IFRS
Total assets¹	36 847	412 951	68 049	318 611	16 971	88 693	29 091	82 641	1 053 854
Policyholder liabilities	(16 070)	(381 024)	(58 111)	(288 282)	–	(53 945)	2 813	–	(794 619)
Life insurance contracts liabilities	(141)	(83 787)	(3)	(62 926)	–	(9 305)	813	–	(155 349)
Investment contract liabilities with discretionary participating features	(15 845)	(16 911)	–	(176 462)	–	(36 265)	–	–	(245 483)
Investment contract liabilities	(84)	(280 326)	(58 108)	(48 894)	–	(8 375)	2 000	–	(393 787)
Property and Casualty insurance liabilities	–	–	–	–	(7 630)	(3 576)	–	–	(11 206)
Other liabilities	(17 253)	(28 200)	(5 345)	(29 769)	(5 071)	(14 424)	91	(82 757)	(182 728)
Total liabilities	(33 323)	(409 224)	(63 456)	(318 051)	(12 701)	(71 945)	2 904	(82 757)	(988 553)
Net assets	3 524	3 727	4 593	560	4 270	16 748	31 995	(116)	65 301

¹ Total assets held for sale included in total assets is as follows: Mass and Foundation Cluster is R1 million (2021: R23 million), Personal Finance and Wealth Management is RNil (2021: R46 million), Old Mutual Investments is R17 million (2021: RNil), Old Mutual Corporate is RNil (2021: R200 million), Old Mutual Africa Regions is RNil (2021: RNil) and Old Mutual Insure is RNil (2021: RNil), Other Group Activities R352 million (2021: RNil).

Notes to the consolidated financial statements

For the year ended 31 December 2022

C: Other key performance information

C1: Earnings and earnings per share

Year ended 31 December	Source of guidance	Notes	2022	2021
Basic earnings per share	IFRS	C1(a)	166.0	151.3
Diluted earnings per share	IFRS	C1(b)	163.0	148.9
Headline earnings per share	JSE Listings Requirements SAICA Circular 01/2021	C1(c)	180.1	163.8
Diluted headline earnings per share	JSE Listings Requirements SAICA Circular 01/2021	C1(c)	176.8	161.2

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the year excluding own shares held in policyholder funds, Employee Share Ownership Plan Trusts (ESOP) and Black Economic Empowerment Trusts. These shares are regarded as treasury shares.

Year ended 31 December Rm	2022	2021
Profit for the financial year attributable to equity holders of the parent	7 325	6 662

The following table summarises the calculation of the weighted average number of ordinary shares for the purposes of calculating basic earnings per share:

Year ended 31 December	2022	2021
Weighted average number of ordinary shares in issue (millions)	4 735	4 709
Shares held in charitable foundations and trusts (millions)	(26)	(18)
Shares held in ESOP and similar trusts (millions)	(152)	(133)
Adjusted weighted average number of ordinary shares (millions)	4 557	4 558
Shares held in policyholder and consolidated investment funds (millions)	(118)	(139)
Shares held in Black Economic Empowerment Trusts and Retail Schemes (millions)	(27)	(17)
Weighted average number of ordinary shares used to calculate basic earnings per share (millions)	4 412	4 402
Basic earnings per ordinary share (cents)	166.0	151.3

(b) Diluted earnings per share

Diluted earnings per share recognises the dilutive impact of shares and options held in ESOP and similar trusts and Black Economic Empowerment Trusts, to the extent they have value, in the calculation of the weighted average number of shares, as if the relevant shares were in issue for the full year.

The following table summarises the calculation of weighted average number of shares for the purpose of calculating diluted basic earnings per share:

For the year ended 31 December	Note	2022	2021
Profit attributable to ordinary equity holders (Rm)		7 325	6 662
Weighted average number of ordinary shares (millions)	C1(a)	4 412	4 402
Adjustments for share options held by ESOP and similar trusts (millions)		63	54
Adjustments for share options held in Black Economic Empowerment Trusts (millions)		20	17
Weighted average number of ordinary shares used to calculate diluted earnings per share (millions)		4 495	4 473
Diluted earnings per ordinary share (cents)		163.0	148.9

(c) Headline earnings per share

The Group is required to calculate headline earnings per share (HEPS) in accordance with the Johannesburg Stock Exchange (JSE) Listings Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 01/2021 'Headline Earnings'. The table below sets out a reconciliation of basic EPS and HEPS in accordance with that circular. Disclosure of HEPS is not a requirement of IFRS, but it is a JSE required measure of earnings in South Africa. The following table reconciles the profit for the financial year attributable to equity holders of the parent to headline earnings and summarises the calculation of basic HEPS:

Year ended 31 December	Notes	2022		2021	
		Gross	Net of tax and non-controlling interests	Gross	Net of tax and non-controlling interests
Profit attributable to ordinary equity holders (Rm)			7 325		6 662
Adjustments:					
Impairments of goodwill, intangible assets and property, plant and equipment ¹		585	492	648	559
Impairment/(reversal of impairment) of investment in associated undertakings	12(a)	-	-	(18)	(37)
Remeasurement of non-current asset held for sale		-	-	(18)	(4)
Profit on disposal of property and equipment		-	-	(7)	(7)
Loss on disposal of subsidiaries, associated undertakings and joint ventures		133	131	36	36
Total adjustments (Rm)		718	623	641	547
Headline earnings (Rm)			7 948		7 209
Weighted average number of ordinary shares (millions)	C1(a)		4 412		4 402
Diluted weighted average number of ordinary shares (millions)	C1(b)		4 495		4 473
Headline earnings per share (cents)			180.1		163.8
Diluted headline earnings per share (cents)²			176.8		161.2

¹ Impairment of intangible assets of R183 million have been recognised 2022. Refer to Note H1 for more disclosure. Impairment of property, plant and equipment of R402 million have been recognised in 2022. Refer to Note H2 for more disclosure.
² Diluted headline earnings per share has been calculated using the same weighted average number of ordinary shares used to calculate diluted loss per share, in accordance with the South African Institute of Chartered Accountants' circular 01/2021 'Headline Earnings'.

C2: Net asset value per share and tangible net asset value per share

Net asset value per share is calculated as total assets minus total liabilities divided by the total number of ordinary shares in issue at year end.

Net tangible asset value per share is calculated as total assets minus goodwill and other intangible assets minus total liabilities divided by the total number of shares in issue at year end.

At 31 December Rand	2022	2021
Net asset value per share	14.1	13.9
Net tangible asset value per share	12.7	12.5

Notes to the consolidated financial statements

For the year ended 31 December 2022

C: Other key performance information continued

C3: Return on net asset value (RoNAV)

The following table outlines the calculation of RoNAV, using AHE disclosed in the consolidated supplementary income statement. The basis of preparation of RoNAV is described in Note A1.7.

At 31 December Rbn or %	2022	2021
Total RoNAV (%)	11.1%	9.0%
Average adjusted IFRS equity (Rbn) ¹	57.3	59.8
Closing adjusted IFRS equity (Rbn)	59.8	55.8

¹ Following the unbundling of 12.2% of the Group's stake in Nedbank in November 2021, and the exclusion from AHE of the distributed stake effective 30 June 2021, for the purposes of the RoNAV calculation, the equity attributable to the distributed stake is recognised for the same proportion of the year that Earnings was recognised in AHE.

Reconciliation of equity attributable to the holders of the parent to closing adjusted IFRS equity

Rbn or %	2022	2021
Equity attributable to the holders of the parent	63.8	62.2
Equity in respect of operations in hyperinflationary economies	(2.8)	(4.4)
Equity in respect of non-core operations	(1.3)	(2.1)
Consolidation adjustments	0.1	0.1
Closing adjusted IFRS equity	59.8	55.8

C4: Dividends

For the year ended 31 December Rm	Ordinary dividend payment date	2022	2021
2020 Final dividend paid – 35.00c per share	24 May 2021		1 565
2021 Interim dividend paid – 25.00c per share	11 October 2021		1 121
2021 Dividend in specie (refer to Note A2(a))	8 November 2021		10 656
2021 Final dividend paid – 51.00c per share	23 May 2022	2 286	–
2022 Interim dividend paid – 25.00c per share	17 October 2022	1 138	–
Dividend payments to ordinary equity holders for the year		3 424	13 342

The total dividend paid to ordinary equity holders is calculated using the number of shares in issue at the record date less own shares held in ESOP Trusts, life funds of Group entities, Black Economic Empowerment Trusts, consolidated funds and related undertakings.

As a consequence of the exchange control arrangements in place in certain African territories, dividends to ordinary equity holders on the branch registers of those countries (or, in the case of Namibia, the Namibian section of the principal register) are settled through Dividend Access Trusts established for that purpose.

A final dividend of 51 cents (2021: 51 cents), or its equivalent in other applicable currencies, per ordinary share in the Company has been declared by the Directors and will be paid on 17 April 2023 to shareholders on all registers, except for shareholders on the London Stock Exchange who will be paid on 15 May 2023.

D: Other consolidated income statement notes

Accounting policies

The Group provides financial services, such as insurance, asset management and banking and lending services to our customers. Fees and commission from asset management and banking & lending services are accounted for as revenue from contracts with customers, while revenue from insurance contracts is accounted for in accordance with the accounting policies for gross insurance premium revenue (G2). Investment returns (fair value gains or losses, interest income and dividend income) earned on behalf of shareholders and customers are recognised in accordance with the accounting policies for financial instruments (Note E).

Basic revenue recognition principle

The Group recognises revenue from contracts with customers based on the amount expected to be received from customers when the performance obligations agreed to by the Group have been satisfied. Performance obligations are satisfied through the transfer of the promised services to the customer. The Group transfers the promised service over time or at a point in time depending on the nature of the promised services. In the majority of instances, the performance obligations are satisfied as the Group renders the agreed financial services to our customers over time.

Banking and lending

The Group provides banking and lending services to retail and corporate customers. These services include, but are not limited to account management, transaction support, provision of overdraft facilities and issuing of loans. Revenue from account management and provision of overdraft facilities are recognised over time as the Group renders these services. Revenue derived from specific transactions are recognised when the transaction takes place. Loan origination fees are included in the yield on the loan provided and are recognised as part of interest income through the effective interest method.

Fee and commission income on lending activities relates primarily to administration fees. These fees are recognised as revenue over time as the Group administers the loan accounts for our clients. In the lending business the administration fee income is realised through loan instalment collection process.

The Group also earns fee and commission income from transactions performed by our clients. The fee and commission income is recognised on the date of the transaction. The fee and commission income from particular transactions are realised through a reduction in the amount due to depositors. The amount of the fee is agreed to with our clients.

Asset management

Revenue from asset management consists of asset management fees, performance fees and administration fees. Fees are recognised as revenue over time as the Group provides the services. When the Group receives up-front payments for services to be rendered in the future, the payments are accounted for as contract liabilities.

If the amount of the fee can be reliably estimated, the Group recognises revenue over time as the services are rendered. If the fee cannot be reliably estimated, the recognition of fees is delayed until significant uncertainty regarding the Group's entitlement to the fee and the measurement of the fee have been resolved.

Fee and commission income is earned through providing asset management and related investment administration services to our clients.

Fee and commission income is primarily based on funds-under-management, investment commitment values or amounts drawn from investors. Fee and commission income is generally recognised over time, on a monthly basis, as the services are rendered. Fee and commission income earned from collective investment schemes is recognised over time, on a daily basis, as the services are rendered.

Fee and commission income is generally realised during the first work week of the month succeeding the period of service. In some instances, fee and commission income is realised between 30 and 45 days in arrears or as agreed with our clients. Fee and commission income is realised through a reduction from our clients' investments portfolios or through a separate invoice and collection process.

In some instances, an initial fee is charged to the clients when entering into an investment agreement with the Group. The initial fee is collected as a reduction from the initial amount invested with the Group or through a separate payment made by the client. Initial fees, which exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over periods between five and 10 years as the services are rendered.

The Group earns transaction fees from assisting clients with specific transactions on their portfolios. These fees are recognised when the transaction has been completed and are realised through a reduction in the client portfolio.

The Group earns a performance fee if certain performance thresholds and other criteria are met. The performance fee is deducted from the portfolio or is invoiced separately as per the terms of the contract. The rate that the fee and commission income is charged at is agreed with our clients in investment mandates.

Contract assets and contract liabilities

A contract asset exists if the Group has recognised revenue, but the amount expected to be received is not yet due from the customer. Contract assets are measured at the amount of revenue recognised. A contract liability exists if the Group has received or is entitled to consideration in advance of the Group satisfying the performance obligation. The contract liability represents the obligation to provide the agreed services to the customer. The contract liability is recognised as revenue as the Group satisfies the related performance obligation to the customer.

Costs incurred in acquiring investment management service contracts

Incremental costs that are directly attributable to securing an investment management service contract are recognised as assets if the costs can be identified separately, measured reliably and it is probable that the costs will be recovered.

Costs of obtaining contracts are those costs that the Group incurs in acquiring investment management service contracts and are amortised as the related revenue is recognised.

D1: Income tax expense

Current tax

Included in the current tax charge are amounts relating to:

- » Normal income tax.
- » Taxes payable on behalf of policyholders.
- » Withholding tax borne by the Group.

Current tax is the expected tax payable on the 'taxable income' as contemplated for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Group is subject to income taxes in numerous jurisdictions. The calculation of the Group's tax charge and worldwide provisions for income tax, necessarily involve a degree of estimation and judgement. At any given time, the Group typically has a number of open tax returns with various tax authorities and engages in active dialogue to resolve this. Taxation provisions relating to these open items are recognised based on the Group's estimate of the most likely outcome, after taking into account external advice where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss, current and deferred income tax assets and liabilities in the period that such determination is made.

Notes to the consolidated financial statements

For the year ended 31 December 2022

D: Other consolidated income statement notes continued

D1: Income tax expense continued

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts required to be used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised for tax losses carried forward, only to the extent that realisation of the related tax benefit is probable, where on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be applied. In certain circumstances, as permitted by accounting guidance, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill, or transactions that are not 'business combinations' as contemplated and at the time of their occurrence, affect neither accounting nor taxable profits.

Deferred tax relating to items recognised outside profit or loss (for example, items adjusted for against retained income) is accounted for on a similar basis. Deferred tax is recognised in alignment with the underlying transaction, either in other comprehensive income or directly in equity, as appropriate.

Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

Dividends tax

In South Africa, dividends tax is levied on the recipient of a dividend unless exemption from this tax applies. In terms of the dividends tax provisions, the tax is withheld at a rate of 20% in the hands of certain qualifying shareholders, rather than in the hands of the entity which declares such dividend. As such, where dividends are declared and paid by the Group, the Group does not recognise dividends tax.

Tax laws substantially enacted

In terms of IAS 12, both current and deferred tax assets and liabilities are to be valued applying the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Changes in South African tax laws should be regarded as being substantively enacted when the changes in tax laws have been approved by parliament and signed into law, by the president.

In South Africa, amendments to tax legislation to cater for the impact of IFRS 17 on insurers are effective from 1 January 2023. This legislation was signed by the president on 22 December 2022 and is therefore regarded as being substantively enacted as contemplated for the 31 December 2022 financial year. These changes do not have any impact on the current tax charge for the year ended 31 December 2022.

IAS 12 requires an entity to recognise deferred tax for temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. As IFRS 17 is not applicable to the 2022 annual financial statements, there is no change in the carrying value of assets and liabilities at the end of the reporting period. Hence, there is no impact on deferred tax assets and liabilities as at 31 December 2022.

Significant accounting estimate and judgements – uncertain tax positions

The Group is committed to conducting its tax affairs in accordance with the tax legislation of the jurisdictions in which the Group operates. All interpretations by management are made with reference to the specific facts and circumstances of the transaction and in the context of relevant legislation, practice and directives.

Business and tax law complexity may result in the Group entering into transactions that expose the Group to tax, legal and business risks. Judgement is involved in determining whether there are uncertain tax positions. The Revenue Authorities in various jurisdictions in which the Group operates routinely review historic transactions undertaken and tax law interpretations made by the Group.

There are occasions where the Group's interpretation of tax law may be challenged by the Revenue Authorities. The financial statements include provisions that reflect the Group's assessment of liabilities which might reasonably be expected to materialise as part of their review.

The Group is satisfied that adequate provisions have been made to cater for the resolution of uncertain tax matters and that the resources required to fund such potential settlements, where necessary, are sufficient. Due to the level of estimation required in determining tax provisions, amounts ultimately payable may differ from the provisions recognised.

IFRIC 23 Uncertainty over Income Tax Treatments

The Group records and evaluates tax positions in terms of the following specific accounting standards/interpretation, which set out how to determine the accounting tax position, when there is uncertainty over income tax treatments:

- » IFRIC 23 *Uncertainty over Income Tax Treatments*
- » IAS 12 *Income Taxes*
- » IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

Uncertain tax positions are based on the 'most likely outcome' of the liability based on a 'probability weighted average' approach. Where applicable, the impact of IFRIC 23 on the tax positions of the respective legal entities in the Group, has been considered and adequate amounts provided.

(a) Analysis of total income tax expense

The total income tax expense for the year comprises:

Year ended 31 December Rm	2022	2021
Current tax		
South Africa	3 240	3 697
Overseas tax		
Rest of Africa	524	374
Withholding taxes	355	295
Adjustments to current tax in respect of prior years	(46)	31
Total current tax	4 073	4 397
Deferred tax		
Deferred tax expense relating to the origination and reversal of temporary differences	(2 343)	1 695
Change in tax rate	38	–
Write down of deferred tax assets	(2)	15
Adjustments to deferred tax in respect of prior years	(414)	(143)
Total deferred tax	(2 721)	1 567
Total income tax expense	1 352	5 964
Attributable to		
Shareholder funds	2 910	3 314
Policyholder funds	(1 558)	2 650
Total income tax expense	1 352	5 964

For South African entities that are in a tax paying position, tax has been provided at 28% (2021: 28%). The Group uses the South African tax rate in respect of its tax rate reconciliation as Old Mutual Limited is domiciled in South African and the most significant operations are in South Africa.

During the budget speech on the 23rd of February 2022, the Minister of Finance announced a decrease in the corporate income tax rate from 28% to 27% for the years of assessment ending on or after 31 March 2023. IAS 12 requires that deferred tax assets and liabilities be measured at the tax rate applicable when the assets are realised or liabilities are settled, based on the tax rates that are enacted or substantively enacted at the end of the reporting period. It is expected that the 2022 Draft Rates and Monetary Amounts and Amendments of Revenue Laws Bill will be promulgated and therefore the rate change is regarded as substantively enacted. The deferred tax balances as at 31 December 2022 have been redetermined based on a rate of 27%.

(b) Reconciliation of total income tax expense

The income tax expense charged to profit or loss differs from the income tax expense that would apply if all of the Group's profits from continuing operations from the different tax jurisdictions had been taxed at the South African standard corporation tax rate. The difference in the effective rate of the continuing operations is explained below:

Year ended 31 December Rm	Note	2022	2021
Profit before tax		9 151	13 427
Tax at South African standard rate of 28.0% (2021: 28.0%)		2 562	3 759
Different tax rate or basis on foreign operations		(16)	(74)
Untaxed and low taxed income ¹		(2 261)	(2 055)
Disallowable expenses ²		1 905	880
Adjustments to current tax in respect of prior years ³		(16)	(36)
Net movement on deferred tax assets not recognised		130	274
Adjustments to deferred tax in respect of prior years ³		24	(2)
Withholding taxes ³		94	66
Income tax attributable to policyholder returns		(1 109)	1 908
Effect on deferred tax on changes in tax rates ³		38	–
Tax impact of Nedbank unbundling	A2(a)	–	1 250
Other		1	(6)
		1 352	5 964

¹ Includes exempt income, capital gains taxed at lower than the corporate tax rate, non-taxable fair value movements and untaxed share of joint venture and associated profits.

² Disallowable expenses mainly include expenses incurred in the production or non-taxable income and are therefore non-deductible for tax purposes.

³ The adjustments in respect of prior years, effect on deferred tax of changes in tax rates and withholding taxes included in the 'Reconciliation of total income tax expense' includes the shareholder tax component only.

Notes to the consolidated financial statements

For the year ended 31 December 2022

D: Other consolidated income statement notes continued

D1: Income tax expense continued

(c) Income tax relating to components of other comprehensive income

The total income tax expense relating to items recognised in other comprehensive income for the year comprises of the following:

Year ended 31 December Rm	2022	2021
Measurement gains on defined benefit plans	34	8
Property revaluation reserve	36	12
Other	154	-
Income tax on items that will not be reclassified subsequently to profit or loss	224	20

D2: Investment return (non-banking)

This note analyses the investment return from the non-banking activities of the Group.

Year ended 31 December Rm	2022	2021
Interest and similar income		
Loans and advances	54	25
Investments and securities	24 693	22 491
Cash and cash equivalents	1 221	854
Total interest and similar income	25 968	23 370
Dividend income from investments and securities	15 327	12 535
Net fair value gains recognised in profit or loss	(30 560)	115 236
Rental income from investment properties	3 214	3 597
Net fair value gains on the revaluation of investment property	6 690	2 285
Net foreign currency gains	7	24
Total amounts recognised in profit or loss	20 646	157 047
Total interest income for assets not at fair value through profit or loss ¹	1 275	879
The fair value (loss)/gains shown above are analysed according to their IFRS 9 categorisations as follows:		
Designated and mandatorily at fair value through profit or loss	(30 560)	115 236

¹ An evaluation of the amount disclosed as the effective interest income for 2021 was performed. This resulted in an increase of R870 million disclosed as 'total interest income for assets not at fair value through profit or loss'. The total amount recognised in profit or loss for investment return from the non-banking activities has not changed.

D3: Banking interest and similar income

This note analyses the interest earned on loans and advances from the banking activities of the Group's businesses.

Year ended 31 December Rm	2022	2021
Loans and advances	4 374	4 235
Mortgage loans	926	624
Bills and acceptances	3	13
Overdrafts	149	59
Term loans and other ¹	3 296	3 539
Investments and securities	131	112
Government and government-guaranteed securities	95	94
Other debt securities, preference shares and debentures	36	18
Total interest and similar income	4 505	4 347
Total interest income for assets not at fair value through profit or loss	2 828	3 432

¹ Term loans and other includes commercial mortgages, deposits placed under repurchase agreements, preference shares and debentures and unsecured and other loans.

D4: Fee and commission income, and income from service activities

This note analyses the fees and commission, earned by the Group, from negotiating, or participating in the negotiation of a transaction for third-parties, transaction and performance fees earned and administration fees.

Year ended 31 December Rm	2022	2021
Fee and commission income	10 904	11 051
Transaction and performance fees	692	798
Administration fees ¹	(36)	(22)
	11 560	11 827

¹ Administration fees are negative due to deferred fee income exceeding the amount recycled through the income statement in the period.

D5: Finance costs including bank interest payable and similar expenses

Finance costs include interest payable on borrowed funds, gains and losses on the revaluation of borrowed funds and on those derivative instruments which are used as economic hedges and interest and similar expenses related to financial liabilities measured at amortised cost in the Group's banking activities.

Year ended 31 December Rm	2022	2021
Finance costs excluding banking activities	662	543
Interest on borrowed funds	656	534
Fair value gains and losses on borrowed funds	6	9
Borrowed funds	(125)	(177)
Derivative instruments used as economic hedges	131	186
Interest on banking activities¹	830	755
Deposits and loan accounts	187	243
Current and savings accounts	11	8
Negotiable certificates of deposit	39	15
Long-term debt instruments	593	489
Total finance costs	1 492	1 298
The fair value gains shown above are analysed according to their IFRS 9 categorisations as follows:		
Designated and mandatorily at fair value through profit or loss	6	9

¹ In 2021, finance costs and banking interest payable and similar expenses have been disclosed separately. Due to the nature of these costs, the notes have been combined into one note above.

D6: Fee and commission expenses, and other acquisition costs

Fee and commission expense and other acquisition costs include the following presented in the income statement which are classified as expenses.

Fee and commission expense

Fees and commission expense are those expenses which correspond to any economic benefit, other than clearing and execution services, that an asset manager receives in connection with the Collective Investment Scheme's (CIS) payment of commissions on transactions that involve the CIS's portfolio securities. Fee and commissions are typically obtained from, or through, the executing brokerage whereby these costs are also incurred from obtaining sales from third party agents. These are expensed when sales obtained through agents materialise, a commission will be a percentage of a premium paid where fees include referrals of clients to the Group.

Deferred acquisition costs (DAC)

Incremental costs of obtaining investment contracts with investment management services are capitalised to a DAC asset if they are separately identifiable, can be measured reliably and it is probable that they will be recovered. DAC is amortised to the income statement over the term of the contracts as the related services are rendered and revenue recognised, which varies from year to year depending on the outstanding term of the contracts in force. The DAC asset is tested for impairment bi-annually and written down when it is not expected to be fully recovered from fee income.

Other acquisition costs

Relate to those costs associated with new business in the Group. These costs are essentially incurred and recorded as not deferred due to the short-term nature of new business within the Group.

Year ended 31 December Rm	2022	2021
Fee and commission expenses	7 419	7 651
Other acquisition costs ¹	2 981	2 855
	10 401	10 506

¹ In 2021, change in acquisition costs amounting to R31 million were disclosed separately. Due to the nature of these costs, it has been included within the other acquisition costs line above.

Notes to the consolidated financial statements

For the year ended 31 December 2022

D: Other consolidated income statement notes continued

D7: Other operating and administrative expenses

This note gives further detail on the items included within other operating and administrative expenses.

Year ended 31 December Rm	Notes	2022	2021
Staff costs	D7(a)	12 358	10 763
Depreciation	H2	907	960
Computer, software and processing costs		2 319	2 306
Amortisation of other intangible assets and internally developed software	H1(e)	642	471
Impairment of goodwill and other intangible assets	H1(e)	183	204
Lease rentals – banking (Short term and low value assets)		4	13
Lease rentals – non-banking (Short term and low value assets)		136	129
Asset management expenses ²		813	730
Technical and professional fees ²		1 543	1 139
Outsourcing expenses ²		187	164
Travel and entertainment expense – third party ²		194	60
Impairment of fixed assets ²		402	445
Auditors' remuneration – fees for audit service		210	188
Auditors' remuneration – fees for non-audit service		25	15
Other ^{1,2,3}		7 477	7 309
		27 400	24 896

¹ Other includes finance costs of R788 million (2021: R731 million) which includes interest relating to funding that support the operations of the Group (funding within Policyholder investments) of R670 million (2021: R620 million) and interest on lease liabilities of R118 million (2021: R111 million).

² As part of the Group's enhanced disclosure efforts, Asset management fees, Technical and professional fees, Outsourcing expenses, Travel and entertainment expense and Impairment of fixed assets have been separately disclosed. Previously, these items were included in Other.

³ Included in Other is R191 million relating to equity settled share-based payment for Bula Tsela.

(a) Staff costs

Year ended 31 December Rm	Note	2022	2021
Wages and salaries		8 613	7 819
Social security costs		48	37
Retirement obligations			
Defined contribution plans		211	213
Defined benefit plans	J1(d)	21	25
Other retirement benefits	J1(d)	145	136
Bonus and incentive remuneration		1 787	1 437
Share-based payments			
Cash settled	J2(d)	2	(12)
Equity settled	J2(d)	474	414
Other		1 057	694
		12 358	10 763

D8: Revenue from contracts with customers

IFRS 15 Revenue

Fee and commission income

The fees and commission income are earned from negotiating of a transaction from third parties, transaction and performance fees earned and the movement in deferred origination fee.

The judgements used in deferred origination fees, include the period over which the origination fee is deferred.

Non-IFRS 15 Revenue

Insurance

Premium income is recognised using IFRS 4. Short term insurance premiums received in respect of monthly contracts are recognised as revenue when due. Premiums are shown before the deduction of commission, less the fuel cash back rewards described below and exclude value added tax.

Actuarial assumptions used in the calculation of insurance premiums include, but are not limited to:

- » Discount rates;
- » Estimates of future cash flows to fulfil insurance contracts;
- » Mortality – Life risk, savings and participating contracts;
- » Persistency – Life risk, savings and participating contracts; and
- » Methods used to measure the risk adjustment for non-financial risks.

Banking

This consists of interest and similar income that is recognised under IFRS 9. This includes interest income from:

- » Mortgage loans;
- » Bills and acceptance;
- » Overdrafts;
- » Term loans and others;
- » Government and government-guaranteed securities; and
- » Other debt securities, preference shares and debentures.

There are no material financial assets that are measured in other foreign currency. There are in addition, assumptions around ECL calculations. This consists of interest income derived from amortised cost which are measured using the effective interest rate technique. This includes estimates and judgements around credit risk, the risk of default and the time value of money.

Investment return (non-banking)

This consists of interest and similar income that is recognised under IFRS 9. This includes interest income from Loans and advances, Investment and securities and Cash and cash equivalents. Also included are estimates and judgements around credit risk, the risk of default and the time value of money. There are no judgements made around dividend receivable as they only become receivable when declared. There are no material financial assets that are measured in other foreign currency.

Other income

This includes income arising in the course of the Group's ordinary activities and have not been included in the items above.

Contract assets and contract liabilities

A contract asset exists if the Group has recognised revenue, but the amount expected to be received is not yet due from the customer. Contract assets are measured at the amount of revenue recognised. A contract liability (deferred revenue liability) exists if the Group has received or is entitled to consideration in advance of the Group satisfying the performance obligation.

The contract liability represents the obligation to provide the agreed services to the customer. The contract liability is recognised as revenue as the Group satisfies the related performance obligations to the customer.

Notes to the consolidated financial statements

For the year ended 31 December 2022

D: Other consolidated income statement notes continued

D8: Revenue from contracts with customers continued

(a) Revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary segment and type of revenue. The Group believes it best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

The Group does not apply significant judgements to determine the costs incurred to obtain or fulfil contracts with customers. Revenue from contracts with customers are assessed if they contain contract assets.

Year ended 31 December 2022 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities and inter- company eliminations	Consolidation of funds	Total
Revenue from contracts with customers									
Fee and commission income	479	6 859	2 871	467	1 365	1 495	(1 995)	(637)	10 904
Transaction and performance fees	-	60	46	-	-	624	(36)	-	692
Change in contract liabilities	-	(23)	-	-	(11)	(2)	-	-	(36)
Fee and commission income, and income from service activities	479	6 896	2 917	467	1 354	2 117	(2 033)	(637)	11 560
Non-IFRS 15 revenue									
Banking	2 664	-	-	-	-	2 867	-	-	5 531
Insurance	12 947	14 688	-	25 013	11 582	10 901	(594)	-	74 537
Investment return and other	439	(12 687)	6 557	9 552	146	14 822	(810)	3 562	21 580
Total revenue from other activities	16 050	2 001	6 557	34 565	11 728	28 590	(1 404)	3 562	101 649
Total revenue	16 529	8 897	9 474	35 032	13 082	30 707	(3 437)	2 925	113 209

Year ended 31 December 2021 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities and Inter- company eliminations	Consolidation of funds	Total
Revenue from contracts with customers									
Fee and commission income	435	7 327	2 652	398	1 419	1 328	(1 839)	(668)	11 052
Transaction and performance fees	-	69	69	-	-	727	(65)	-	800
Change in contract liabilities	-	(12)	-	-	(11)	-	-	-	(23)
Fee and commission income, and income from service activities	435	7 384	2 721	398	1 408	2 055	(1 904)	(668)	11 829
Non-IFRS 15 revenue									
Banking	2 796	-	-	-	-	1 985	-	-	4 781
Insurance	12 723	15 231	-	25 834	9 265	9 498	(2)	-	72 549
Investment return and other	4 986	56 658	8 232	53 050	419	22 590	(1 081)	13 801	158 655
Total revenue from other activities	20 505	71 889	8 232	78 884	9 684	34 073	(1 083)	13 801	235 985
Total revenue	20 940	79 273	10 953	79 282	11 092	36 128	(2 987)	13 133	247 814

Notes to the consolidated financial statements

For the year ended 31 December 2022

D: Other consolidated income statement notes continued

D8: Revenue from contracts with customers continued

(b) Costs of obtaining contracts

Costs of obtaining contracts relate to costs that the Group incurred to obtain new business. These acquisition costs are capitalised in the statement of financial position and are amortised in profit or loss over the life of the contracts.

The following table analyses the movements in deferred acquisition costs relating to investment and asset management contracts.

Rm	Investment contracts	Asset management	Total
Balance at 1 January 2021	1 280	248	1 528
New business	270	7	277
Amortisation	(290)	(33)	(323)
Foreign exchange and other movements	14	–	14
Balance at 31 December 2021	1 274	222	1 496
New business	185	1	186
Amortisation	(287)	(32)	(319)
Foreign exchange and other movements	25	2	27
Balance at 31 December 2022	1 197	193	1 390

Based on the maturity profile of the above assets, R92 million (2021: R319 million) is recoverable within 12 months from the reporting date. R1 298 million (2021: R1 177 million) is non-current.

E: Financial assets and liabilities

Accounting policy

Classification and measurement of financial assets and financial liabilities

Initial recognition of financial assets

Financial instruments are measured at initial recognition at fair value net of directly attributable transaction costs, unless the financial instrument is classified as fair value through profit or loss. For instruments classified at fair value through profit or loss attributable transaction costs are immediately expensed.

At initial recognition, the Group considers the appropriate classification as:

- » Amortised cost;
- » Fair Value through Other Comprehensive Income (FVOCI) which may include debt or equity instruments; or
- » Fair Value through Profit or Loss (FVTPL).

The classification of financial assets is based on whether the financial assets are equity instruments, debt instruments held or derivative assets. The classification and measurement of debt instruments is dependent on the business model in which the financial asset is managed and its contractual cash flow characteristics.

The business model refers to how the Group is managing its financial instruments to generate cash flows. Business model assessments are performed on shareholder and policyholder portfolios and consider investment mandates, how the portfolios are being managed to generate cash flows and performance indicators. The Group first assesses the business model before considering whether an instrument meets the definition of the contractual cash flow test.

Only if the financial instruments are held in a business model to collect contractual cash flows or a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the cash flows characteristics test is performed.

Equity instruments held for trading or not designated as at FVOCI and derivative assets are mandatorily categorised as financial assets at FVTPL or not designated as at FVOCI. Derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not accounted for separately. Instead, the hybrid financial instrument as a whole is assessed for classification.

A debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as at FVTPL):

- » It is held within a business model where the objective is to hold assets to collect contractual cash flows; and
- » Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held in a 'hold to collect contractual cash flows business model' are managed to realise cash flows by collecting contractual payments over the life of the instrument.

A debt instrument is measured at FVOCI if it meets both of the following conditions (and is not designated as at FVTPL):

- » It is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and
- » Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held in this type of business model are managed to realise cash flows by both collecting contractual cash flows and selling the financial instrument. Both these activities are fundamental to achieving the objective of the business model.

On initial recognition of an equity instrument that is not held for trading, the instrument may be irrevocably designated at FVOCI. In such an instance, changes in the equity instrument's fair value are recorded in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All debt instrument financial assets that were not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a debt instrument financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to or deducted from the fair value at initial recognition.

Notes to the consolidated financial statements

For the year ended 31 December 2022

E: Financial assets and liabilities continued

Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset when:

- » The contractual rights to the cash flows from the financial asset expire; or
- » It transfers the rights to receive the contractual cash flows in a transaction in which either:
 - Substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - The Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
- » The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Initial recognition of financial liabilities

Financial liabilities not measured at FVTPL on initial recognition are measured at fair value less transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

Subsequent measurement of financial liabilities

Fair value movements attributable to changes in the credit risk of a financial liability designated at FVTPL is recorded in other comprehensive income and not recycled to profit or loss. On derecognition of the financial liability, the amount included in other comprehensive income is reclassified to retained earnings. The balance of the fair value movement is recorded in profit or loss.

Financial liabilities at amortised cost	These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign currency exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial liabilities at fair value through profit or loss	These liabilities are subsequently measured at fair value. Net fair value gains and losses, including any interest expense are recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

EI: Categories of financial instruments

The analysis of financial assets and liabilities into their categories as defined in IFRS 9 *Financial Instruments* is set out in the tables below. Assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category.

Information about the methods and assumptions used in determining fair value is included in Note E2.

At 31 December 2022 Rm	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Mandatory reserve deposits with central banks	173	-	-	173	-
Investments in associated undertakings and joint ventures	1 065	-	-	-	1 065
Reinsurers' share of policyholder liabilities	9 544	-	-	-	9 544
Loans and advances	18 772	-	-	18 772	-
Investments and securities	892 091	578 934	303 545	9 612	-
Trade, other receivables and other assets	35 879	-	-	34 003	1 876
Derivative financial instruments	9 688	9 688	-	-	-
Cash and cash equivalents	37 467	-	-	37 467	-
Total assets that include financial instruments	1 004 679	588 622	303 545	100 027	12 485
Assets held for sale	370	-	-	-	370
Total other non-financial assets	61 907	-	-	-	61 907
Total assets	1 066 956	588 622	303 545	100 027	74 762
Liabilities					
Life insurance contract liabilities	145 118	-	-	-	145 118
Investment contract liabilities with discretionary participating features	233 695	-	-	-	233 695
Investment contract liabilities	375 044	-	373 810	1 234	-
Third-party interest in consolidated funds	102 749	-	102 749	-	-
Borrowed funds	16 713	-	9 024	7 689	-
Trade, other payables and other liabilities	91 001	-	10 035	71 348	9 618
Amounts owed to bank depositors	4 706	-	-	4 706	-
Derivative financial instruments	12 580	12 580	-	-	-
Total liabilities that include financial instruments	981 606	12 580	495 618	84 977	388 431
Total other non-financial liabilities	18 804	-	-	-	18 804
Total liabilities	1 000 410	12 580	495 618	84 977	407 235

Notes to the consolidated financial statements

For the year ended 31 December 2022

E: Financial assets and liabilities continued

E1: Categories of financial instruments continued

At 31 December 2021 Rm	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Mandatory reserve deposits with central banks	195	–	–	195	–
Investments in associated undertakings and joint ventures	908	–	–	–	908
Reinsurers' share of policyholder liabilities	13 372	–	3 744	–	9 628
Loans and advances	18 722	–	–	18 722	–
Investments and securities ¹	899 388	715 579	177 682	6 127	–
Trade, other receivables and other assets	22 802	–	–	10 930	11 872
Derivative financial instruments	6 391	6 391	–	–	–
Cash and cash equivalents	32 931	–	–	32 931	–
Total assets that include financial instruments	994 709	721 970	181 426	68 905	22 408
Assets held for sale and distribution	269	–	–	–	269
Total other non-financial assets	58 876	–	–	–	58 876
Total assets	1 053 854	721 970	181 426	68 905	81 553
Liabilities					
Life insurance contract liabilities	155 349	–	–	–	155 349
Investment contract liabilities with discretionary participating features	245 483	–	–	–	245 483
Investment contract liabilities	393 787	–	392 567	1 220	–
Third-party interest in consolidated funds	77 308	–	77 308	–	–
Borrowed funds	17 506	–	8 474	9 032	–
Trade, other payables and other liabilities	63 934	–	9 917	36 015	18 002
Amounts owed to bank depositors	5 905	–	–	5 905	–
Derivative financial instruments	8 084	8 084	–	–	–
Total liabilities that include financial instruments	967 356	8 084	488 266	52 172	418 834
Total other non-financial liabilities	21 197	–	–	–	21 197
Total liabilities	988 553	8 084	488 266	52 172	440 031

¹ An error was detected regarding the IFRS 9 classifications pertaining to debt instruments. As a result, debt instruments amounting to R11.3 billion were reclassified from mandatorily to designated at FVTPL.

E2: Fair values of financial assets and liabilities

The description of the determination of fair value and the fair value hierarchies of financial assets and liabilities described in this section applies to financial assets and liabilities for all the Group's businesses.

(a) Determination of fair value

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, or quoted prices cannot be obtained without undue effort, another valuation technique is used.

In general, the following inputs are taken into account when evaluating the fair value of financial instruments:

- » Assessing whether instruments are trading with sufficient frequency and volume, that they can be considered liquid;
- » The inclusion of a measure of the counterparties' non-performance risk in the fair-value measurement of loans and advances, which involves the modelling of dynamic credit spreads;
- » The inclusion of credit valuation adjustment and debit valuation adjustment in the fair-value measurement of derivative instruments; and
- » The inclusion of own credit risk in the calculation of the fair value of financial liabilities.

There have been no significant changes in the valuation techniques applied when valuing financial instruments. The general principles applied to those instruments measured at fair value are outlined below:

Reinsurers' share of policyholder liabilities

Reinsurers' share of policyholder liabilities are measured on a basis that is consistent with the measurement of the provisions held in respect of the related insurance contracts. Reinsurance contracts which cover financial risk are measured at fair value of the underlying assets.

Loans and advances

Loans and advances include mortgage loans, other asset-based loans, including collateralised debt obligations, and other secured and unsecured loans.

In the absence of an observable market for these instruments, the fair value is determined by using internally developed models that are specific to the instrument and that incorporate all available observable inputs. These models involve discounting the contractual cash flows by using a credit-adjusted zero-coupon rate.

Investments and securities

Investments and securities include government and government-guaranteed securities, listed and unlisted debt securities, preference shares and debentures, listed and unlisted equity securities, listed and unlisted pooled investments (see below), short-term funds and securities treated as investments, and certain other securities.

Pooled investments represent the Group's holdings of shares/units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles. Pooled investments are recognised at fair value. The fair values of pooled investments are based on widely published prices that are regularly updated or models based on the market prices of investments held in the underlying pooled investment funds.

Other investments and securities that are recognised at fair value are measured at observable market prices where available. In the absence of observable market prices, these investments and securities are fair valued utilising one or more of the following techniques: discounted cash flows, the application of an EBITDA multiple or any other relevant technique.

Investments in associated undertakings and joint ventures held by investment-linked insurance funds and venture capital divisions

Investments in associated undertakings and joint ventures are valued using appropriate valuation techniques. These techniques may include price earnings multiples, discounted cash flows or the adjusted value of similar completed transactions.

Derivative financial instruments

The fair value of derivatives is determined with reference to the exchange traded prices of the specific instruments. In situations where the derivatives are traded over the counter the fair value of the instruments is determined by using the discounted cash flows or any other relevant technique.

Investment contract liabilities

The fair value of the investment contract liabilities is determined with reference to the fair value of the underlying funds that are held by the Group.

Third-party interest in consolidation of funds

Third-party interests in consolidation of funds are measured at the attributable fair value of the net assets of each fund.

Amounts owed to bank depositors

The fair values of amounts owed to bank depositors correspond with the carrying amount shown in the consolidated statement of financial position, which generally reflects the amount payable on demand.

Borrowed funds

The fair values of amounts included in borrowed funds are based on quoted market prices at the reporting date where applicable, or by reference to quoted prices of similar instruments.

Other financial assets and liabilities

The fair values of other financial assets and liabilities (comprising cash and cash equivalents; cash with central banks; trade, other receivables and other assets; and trade, other payables, other liabilities and advances due to and from Group companies) reasonably approximate their carrying amounts as included in the statement of financial position as they are short-term in nature or re-priced to current market rates frequently.

Notes to the consolidated financial statements

For the year ended 31 December 2022

E: Financial assets and liabilities continued

E2: Fair values of financial assets and liabilities continued

(b) Fair value hierarchy

Fair values are determined according to the following hierarchy:

Description of hierarchy	Types of instruments classified in the respective levels
<p>Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.</p>	Listed equity securities, listed government securities and other listed debt securities and similar instruments that are actively traded, actively traded pooled investments, listed borrowed funds and reinsurers' share of policyholder liabilities.
<p>Level 2 – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.</p>	Unlisted equity and debt securities where the valuation is based on models involving no significant unobservable data, with a majority determined with reference to observable prices. Certain loans and advances, certain privately placed debt instruments, third-party interests in consolidated funds, amounts owed to bank depositors and investment contract liabilities.
<p>Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.</p>	Unlisted equity and securities with significant unobservable inputs, securities where the market is not considered sufficiently active, including certain inactive pooled investments, and derivatives embedded in certain portfolios of insurance contracts where the derivative is not closely related to the host contract and the valuation contains significant unobservable inputs.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

All businesses have significant processes in place to perform reviews of the appropriateness of the valuation of Level 3 instruments.

The majority of valuation techniques employ only observable data and so the reliability of the fair value measurement is high. However, certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant inputs that are unobservable and, for them, the derivation of fair value is more judgemental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs.

In this context, 'unobservable' means that there is little or no current market data available for which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable data may be attributable to observable inputs.

Consequently, the effect of uncertainty in determining unobservable inputs will generally be restricted to uncertainty about the overall fair value of the asset or liability being measured.

E3: Disclosure of financial assets and liabilities measured at fair value

(a) Financial assets and liabilities measured at fair value, classified according to fair value hierarchy

The table below presents a summary of the financial assets and liabilities that are measured at fair value in the consolidated statement of financial position according to their IFRS 9 classification. The most material financial asset measured at fair value relates to investments and securities. The Group has exposure to listed and unlisted investments, with a large portion of these investments backing policyholder liabilities.

At 31 December 2022 Rm	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities	882 479	467 779	372 203	42 497
Derivative financial instruments – assets	9 688	53	9 635	–
Total financial assets measured at fair value	892 167	467 832	381 838	42 497
Financial liabilities measured at fair value				
Investment contract liabilities	373 810	–	373 810	–
Third-party interests in consolidated funds	102 749	–	102 749	–
Borrowed funds	9 024	–	9 024	–
Other liabilities	10 035	–	10 035	–
Derivative financial instruments – liabilities	12 580	13	12 567	–
Total financial liabilities measured at fair value	508 198	13	508 185	–

At 31 December 2021 Rm	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Reinsurers' share of policyholder liabilities	3 744	3 744	–	–
Investments and securities ¹	893 261	439 936	407 899	45 426
Derivative financial instruments – assets	6 391	–	6 391	–
Total financial assets measured at fair value	903 396	443 680	414 290	45 426
Financial liabilities measured at fair value				
Investment contract liabilities ²	392 567	–	392 567	–
Third-party interests in consolidated funds	77 308	–	77 308	–
Borrowed funds	8 474	–	8 474	–
Other liabilities	9 917	–	9 917	–
Derivative financial instruments – liabilities	8 084	–	8 084	–
Total financial liabilities measured at fair value	496 350	–	496 350	–

¹ An error was detected regarding the fair value hierarchy pertaining to investments and securities. Consequently, investments and securities to the value of R1.2 billion were reclassified from Level 1 to Level 2, as these securities were not actively traded on their primary exchange during the reporting period.

² In 2021, investment contract liabilities were incorrectly included in level 1 as the value of the liabilities were derived from underlying assets that are classified as level 1. The amount has been reclassified to level 2 as the fair value on investment contract liabilities is derived from valuation techniques based on observable inputs.

Level 2 investment and securities

Level 2 assets comprise mainly of pooled investments that are not listed on an exchange, but are valued using market observable prices. Pooled investments represent the Group's holdings of shares or units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles which are not consolidated.

Structured notes and other derivatives are generally valued using option pricing models. For structured notes and other derivatives, principal assumptions concern the future volatility of asset values and the future correlation between asset values. For these valuations, estimates are based on available market data and examination of historical levels. Market data includes the use of a proxy method to derive a volatility or correlation from comparable assets for which market data is more readily available.

Other assets classified as Level 2 include unlisted corporate debt, floating rate notes, money market instruments, listed debt securities that were not actively traded during the period and cash balances that are treated as short term funds. The Level 2 instruments are valued based on discounted projected cash flows, relative yields, or cost basis with reference to market related inputs. Main inputs used for Level 2 valuations include bond curves and interbank swap interest rate curves.

Notes to the consolidated financial statements

For the year ended 31 December 2022

E: Financial assets and liabilities continued

E3: Disclosure of financial assets and liabilities measured at fair value continued

(b) Level 3 fair value hierarchy disclosure

The table below reconciles the opening balances of Level 3 financial assets and liabilities to closing balances at the end of the period.

Year ended 31 December Rm	2022	2021
Level 3 financial assets – Investments and securities		
At beginning of the year	45 426	37 117
Total net fair value losses recognised in profit or loss	(4 285)	12
Purchases	17 023	8 316
Sales	(15 464)	(2 133)
Transfers in	424	574
Transfers out	(164)	(172)
Net movement on consolidated investment funds ¹	7 502	(4 571)
Foreign exchange and other	(7 965)	6 283
Total Level 3 financial assets	42 497	45 426
Unrealised fair value (losses)/gains recognised in profit or loss	(1 094)	1 758

¹ Net movement on consolidated investment funds represents the impact of (i) consolidating new investment funds during the period, (ii) deconsolidating investment funds during the period and (iii) movement in Level 3 investment funds that continued to be consolidated during the year.

Transfer between fair value hierarchies

The Group deems a transfer to have occurred between Level 1 and Level 2 when an active, traded primary market ceases to exist for that financial instrument. During the year listed debt securities to the value of R4 014 million (2021: R9 221 million) were transferred from Level 1 to Level 2 as these securities were not actively traded on their primary exchange during the reporting period.

Similarly, the Group deems a transfer to have occurred between Level 2 and Level 1 when an instrument becomes actively traded on the primary market. During the period, listed bonds to the value of R2 147 million (2021: R362 million) were transferred from Level 2 to Level 1 as these securities were actively traded on their primary exchange during the reporting period. Pooled investments to the value of R50 million (2021: R452 million) were also transferred from Level 2 to Level 1 as markets in which these instruments trade, have become active. Pooled investments to the value of R1 308 million (2021: RNil) were also transferred from Level 1 to Level 2 as markets in which these instruments trade, have become less active.

A transfer between Level 2 and Level 3 occurs when any significant inputs used to determine fair value of the instrument become unobservable. At 31 December 2022, Level 3 assets comprised unlisted private company shares, unlisted debt securities and unlisted pooled investments mainly held by policyholder funds for which the majority of the investment risk is borne by policyholders. Pooled investments (R168 million), unlisted debt securities (R26 million) and equity securities (R10 million) were transferred from Level 2 to Level 3, reflecting the valuation technique used to value these investments as inputs became unobservable. Equity securities to the value of R220 million were transferred from Level 1 to Level 3, reflecting the valuation technique used to value these investments as inputs became unobservable.

During the period, equities and debt securities to the value of R164 million were transferred from Level 3 to 2 reflecting the valuation technique used to value these investments as the inputs became observable.

For all reporting periods, the Group did not have any Level 3 financial liabilities.

(c) Effect of changes in significant unobservable assumptions to reasonable possible alternatives

Favourable and unfavourable changes are determined on the basis of changes in the value of the financial asset or liability as a result of varying the levels of the unobservable parameters using statistical techniques. When parameters are not amenable to statistical analysis, quantification of uncertainty is judgemental.

When the fair value of a financial asset or liability is affected by more than one unobservable assumption, the figures shown reflect the most favourable or most unfavourable change from varying the assumptions individually.

The valuations of the private equity investments are performed on an asset-by-asset basis using a valuation methodology appropriate to the specific investment and in line with industry guidelines. In determining the valuation of the investment the principal assumption used is the valuation multiples applied to the main financial indicators (such as adjusted earnings). The source of these multiples may include multiples for comparable listed companies which have been adjusted for discounts for non-tradability and valuation multiples earned on transactions in comparable sectors.

The valuations of asset-backed securities are determined by discounted cash flow models that generate the expected value of the asset, incorporating benchmark information on factors such as prepayment patterns, default rates, loss severities and the historical performance of the underlying assets. The outputs from the models used are calibrated with reference to similar securities for which external market information is available.

The following table sets out information on significant unobservable inputs used in measuring financial instruments classified as Level 3.

Valuation technique	Significant unobservable input	Range of unobservable inputs	
		2022	2021
Discounted cash flow (DCF)	Risk adjusted discount rate:		
	– Equity risk premium	2.5% – 6.0%	0.25% – 20.0%
	– Liquidity discount rate	3.9% – 40.0%	5.0% – 40.0%
	– Nominal risk-free rate	3.8% – 17.6%	5.0% – 13.0%
	– Credit spreads	1.5% – 13.1%	1.51% – 13.65%
	– Dividend growth rate	Not applicable	5.0% – 20.0%
	– Internal rate of return	13.0% – 30.0%	16.0% – 40.0%
	– Preference dividend accrual rate	5.9% – 12.5%	7.0% – 11.0%
	– Marketability discount	10.0% – 30.0%	5.0% – 30.0%
Price earnings (PE) model/multiple/ embedded value	PE ratio/multiple	2 – 10 times	3.0 – 15.0 times
Sum of parts	PE ratio and DCF	See PE ratio and DCF	See PE ratio and DCF

There has been no change to the nature of the key unobservable inputs to Level 3 financial instruments and the interrelationship therein from those disclosed in the financial statements for the year ended 31 December 2022. For the purposes of the sensitivity analysis, the most significant unobservable input used to value Level 3 investments and securities has been increased/decreased by 10%. Although the variability of economic indicators may have been more severe during the current period than this, the use of this increment will afford the user the opportunity to assess the impact under multiple economic scenarios.

Notes to the consolidated financial statements

For the year ended 31 December 2022

E: Financial assets and liabilities continued

E3: Disclosure of financial assets and liabilities measured at fair value continued

(c) Effect of changes in significant unobservable assumptions to reasonable possible alternatives continued

Rm	At 31 December 2022	At 31 December 2021		At 31 December 2022	At 31 December 2021
Types of financial instruments	Fair values		Valuation techniques used	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs
Assets					
Investments and securities	42 497	45 426	Discounted cash flows (DCF) Market comparable companies approach Adjusted net asset values	Equity risk premium Liquidity discount rate Nominal risk free rate Credit spreads Dividend growth rate Preference dividend accrual rate Marketability discount rate PE ratio/multiple	Favourable: 3 487 Unfavourable: 3 275 Favourable: 2 819 Unfavourable: 2 743

The table below shows the sensitivity of the fair value of investments and securities per type of instrument at 31 December 2022:

Rm	At 31 December 2022	At 31 December 2021		Sensitivities			
Types of financial instruments	Fair values		Most significant unobservable input	Favourable impact	Unfavourable impact	Favourable impact	Unfavourable impact
Assets							
Debt securities, preference shares and debentures	5 981	18 983	Discount rates Credit spreads	272	258	1 196	1 170
Equity securities	25 901	19 244	Discount rate Price earnings ratio/multiple Marketability discount rate	1 946	1 752	1 264	1 215
Pooled investments	10 615	7 199	Net asset value of underlying investments	1 269	1 265	359	358
Total	42 497	45 426		3 487	3 275	2 819	2 743

Fair value losses of R4 285 million (2021: R12 million) were recognised on Level 3 assets during the year. The loss is attributable to the approach followed in performing valuations due to the high levels of uncertainty in respect of the economic outlook and due to the function of lower comparable multiples.

E4: Financial instruments designated as fair value through profit or loss

Financial instruments have been classified as designated as fair value through profit and loss where the Group has satisfied the criteria as described in the accounting policies (refer to Note E1). Fair value movements on financial assets designated at fair value through profit or loss is recognised in investment return (non-banking) in the consolidated income statement.

Where the business model of a portfolio met the definition of amortised cost or FVOCI, the Group elected to designate the portfolio at fair value through profit or loss. This was done to eliminate a mismatch between the valuation of the investment assets and the valuation of the policyholder liability. The policyholder liability is valued at fair value through profit or loss and hence the assets backing the policyholder liability should also be as fair value through profit or loss.

Designation of instruments as fair value through profit or loss, is consistent with the Group's documented risk management strategy and investment mandates. The fair value of the instruments is managed and reviewed on a regular basis by the risk and investment functions of the Group. The risk of the portfolio is measured and monitored on a fair-value basis.

Certain borrowed funds that would otherwise be categorised as financial liabilities at amortised cost under IFRS 9, have been designated as fair value through profit or loss. This was done to eliminate a mismatch between the valuation of the investment assets and the valuation of the policyholder liability. Information relating to the change in fair value of these items as it relates to credit risk is shown in the table below:

Rm	Financial liabilities where the change credit risk is recognised in OCI			
	Fair value	Current financial year	Cumulative	Contractual maturity amount
Borrowed funds at 31 December 2022	9 024	42	379	8 883
Borrowed funds at 31 December 2021	8 474	64	337	8 250

The fair values of other categories of financial liabilities designated as fair value through profit or loss do not change significantly in respect of credit risk.

The change in fair value due to credit risk of financial liabilities designated at fair value through profit or loss has been determined as the difference between fair values determined using a liability curve (adjusted for credit) and a risk-free liability curve. This difference is cross-checked to market-related data on credit spreads, where available. The basis for not using credit default swaps to determine the change in fair value due to credit risk is the unavailability of reliable market priced instruments.

E5: Fair value hierarchy for assets and liabilities not measured at fair value

Certain financial instruments of the Group are not carried at fair value, principally investments and securities, loans and advances, certain borrowed funds and other financial assets and financial liabilities that are measured at amortised cost. The calculation of the fair value of these financial instruments represents the Group's best estimate of the value at which these financial assets could be exchanged, or financial liabilities transferred, between market participants at the measurement date.

The Group's estimate of fair value does not necessarily represent the amount it would be able to realise on the sale of the asset or transfer of the financial liability in an involuntary liquidation or distressed sale. More information on financial assets measured at amortised cost can be found in Note F1.5. The fair value of these assets approximates their carrying value, except for loans and advances for which the fair value is set out below.

The table below shows the fair value hierarchy only for those assets and liabilities not measured at fair value. Additional information regarding these and other financial instruments not carried at fair value is provided in the narrative following the table.

Rm	Carrying value	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Financial assets					
Investments and securities at 31 December 2022	9 612	9 374	–	6 706	2 668
Investments and securities at 31 December 2021	6 127	6 035	–	6 035	–
Financial liabilities					
Borrowed funds at 31 December 2022	7 689	7 689	–	7 689	–
Borrowed funds at 31 December 2021	9 032	9 032	–	9 032	–

Notes to the consolidated financial statements

For the year ended 31 December 2022

E: Financial assets and liabilities continued

E5: Fair value hierarchy for assets and liabilities not measured at fair value continued

Investments and securities

For investments that are carried at amortised cost in terms of IFRS 9 and included in Level 2, the fair value has been determined based on either discounted cash flow analysis where an instrument is not quoted or where an investment is quoted within an inactive market. The fair value of investments and securities included in Level 3 has been determined using discounted cash flow analysis and third-party valuations.

Loans and advances

Loans and advances are carried at amortised cost in terms of IFRS 9. The loans and advances principally comprise variable rate financial assets and are classified as Level 3. The interest rates on these variable-rate financial assets are adjusted when the applicable benchmark interest rates change.

Loans and advances are not actively traded in most markets and it is therefore not possible to determine the fair value of these loans and advances using observable market prices and market inputs. Due to the unique characteristics of the loans and advances portfolio and the fact that there have been no recent transactions involving the disposals of such loans and advances, there is no basis to determine a price that could be negotiated between market participants in an orderly transaction. The Group is not currently in the position of a forced sale of such underlying loans and advances and it would therefore be inappropriate to value the loans and advances on a forced-sale basis.

Borrowed funds

Per the note above borrowed funds that are carried at amortised cost in terms of IFRS 9, the fair value is determined using either available market prices (Level 1) or discounted cash flow analysis where an instrument is not quoted or the market is considered to be inactive (Level 2).

E6: Master netting or similar agreements

The Group offsets financial assets and liabilities in the consolidated statement of financial position when it has a legally enforceable right to do so and intends to settle on a net basis simultaneously. Certain master netting agreements do not provide the Group with the current legally enforceable right to offset the instruments.

The majority of these transactions are governed by the principles of International Swaps and Derivatives Association or similar type of agreements. These agreements aim to protect the parties in the event of default.

At 31 December 2022 Rm	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event ¹	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	9 688	–	9 688	(8 816)	872
Financial liabilities					
Derivative financial instruments – liabilities	12 580	–	12 580	(8 816)	3 764

At 31 December 2021 Rm	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event ¹	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	6 391	–	6 391	(5 900)	491
Financial liabilities					
Derivative financial instruments – liabilities	8 084	–	8 084	(5 900)	2 184

¹ This represents the amounts that could be offset in the event of default and includes collateral received/pledged at the reporting date. These arrangements are typically governed by master netting and collateral arrangements. Details of the Group's security lending arrangements can be found in Note G1.

Cash and bond collateral amounts not offset against derivative assets and liabilities in the statement of financial position are R2 759 million (2021: R368 million).

F: Financial risk and capital management

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts, customer deposits and borrowings), reinsurance assets and insurance liabilities. The key focus of financial risk management for the Group is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance and banking operations. The most important components of financial risk are credit risk, market risk (arising from changes in equity, bond prices, interest and foreign exchange rates) and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Board Risk Committee (BRC), which is responsible for developing and monitoring the Group's risk management policies through the Group Risk Control Function. The BRC reports regularly to the Board of Directors on its activities.

The Group's risk preferences and appetite limits are set out as part of the Group Strategy and describes specific risk preferences and metrics. This Strategy is reviewed, at a minimum, annually by the Old Mutual Limited Board and subsidiary risk preferences and appetite limits may need to be adjusted accordingly.

The Group manages asset and liability mismatches within a Market Risk Management framework together with a Liquidity Risk Management framework, both approved by the Group Asset and Liability Committee (ALCO). The aim of the frameworks is to ensure the identification of the applicable financial risks across the Group and provide guidance on the management (including mitigation) of the risks in line with the Group Strategy.

The principal mitigation technique with regards to market risk (and asset/liability mismatches) for insurance contracts where shareholders bear the market risk is to match appropriate assets with the liabilities arising from these insurance contracts. Investment contracts (i.e. unit-linked and with-profit products) where policyholders require the market risk exposure are managed within a set mandate considering the risk profile of the relevant customer base. The shareholder investment portfolio is managed within a set mandate considering the Group Strategy and the market risk exposure resulting from the chosen investments.

For insurance contracts defined as non-profit (i.e. benefits not linked to underlying asset performance) and those with embedded derivatives (i.e. benefits consist of upside participation and downside protection) the resultant market, credit and liquidity risk exposures are borne by the shareholder. The liabilities are translated into financial risk metrics and appropriate hedging strategies (which include derivative instruments) ensure that these exposures are managed within appetite. The notes below explain how the financial risks are managed using the categories utilised in the Market Risk framework. Note G2 explains in more detail how insurance risk is managed.

FI: Credit risk

Credit risk refers to the risk that a counterparty to a financial instrument will cause a financial loss to the Group by failing to discharge an obligation to repay cash or deliver another financial asset. Losses incurred due to credit risk include actual losses from defaults, declines in the market value of the Group's assets due to credit rating downgrades and/or spread widening, or impairments and write-downs.

The Group also has material exposure through its insurance businesses where credit risk arises predominantly through the management of credit assets backing non-profit contracts (mostly annuity products), but also through direct credit exposure through invested shareholder capital in assets such as fixed income securities, investment properties and retail lending.

The valuation of investment credit securities and associated credit spreads are driven by a variety of factors including general market conditions such as macro-economic environment, supply and demand dynamics of investment credit, market liquidity as well as counter-specific information. Listed credit instruments are recorded at the market value as reflected on the exchange. The valuation policy for unlisted credit assets outlines the consideration given to general spread direction in the market and a hierarchy of inputs to be used in valuations including latest traded prices of similar assets and adjusted for instrument level specifics.

The Group is also exposed to concentration risk, which is the risk of default by counterparties or in investments in which it has taken large positions, or which are highly correlated. The Group maintains limits on the values of transactions with single counterparties or investments in specific sectors.

The Group is also exposed to credit risk which results indirectly from activities undertaken in the normal course of business such as premium payments, outsourcing contracts, reinsurance, exposure from material suppliers, lending of securities and lending to consumers.

1.1 Credit risk governance

Credit risk is monitored through the Old Mutual Limited Management Credit Risk Committee (MCRC), a subcommittee of the Old Mutual Limited Balance Sheet Committee (BSC), to enable the Group Executive Committee (Exco) to discharge their obligations in terms of the Group's aggregated credit risk appetites, exposures and risk management.

The scope and authority of the Committee extends to all activities of the Group in which credit or counterparty credit risks are present. This includes credit risk arising through banking and insurance activities, encompassing both institutional and retail credit. The Committee relies on the work and reporting of the credit committees in the various credit-related businesses across the Group and assists the Exco to set and monitor credit policy and credit risk in the Group.

Notes to the consolidated financial statements

For the year ended 31 December 2022

F: Financial risk and capital management continued

F1: Credit risk continued

1.2 Credit risk management

Credit risk is managed through the implementation of comprehensive policies, processes and controls to ensure a sound credit risk management environment with appropriate credit granting, administration, measurement, monitoring and reporting of credit risk exposure.

The key objective of the Group's Level 1 credit policy is to establish and define the overall framework for the consistent and unified governance, oversight, identification, measurement, monitoring, reporting and management of credit risk and counterparty credit risk across Old Mutual. The Level 1 credit policy sets out the high-level principles which must be applied in this regard. Boards of subsidiaries engaging in business activities that take on credit or counterparty credit risk, in any form (in non-profit funds, asset-based fees, surplus assets, banking and lending, investment guarantee reserves or debtors) regardless of whether it is for the shareholders or policyholders, are required to adopt this policy and ensure all the applicable requirements are implemented and complied with unless it is expressly agreed otherwise.

The Group's Level 2 credit policies and frameworks apply to all businesses taking on credit risk and counterparty credit risk. Level 2 credit policies and frameworks are split into two distinct portfolios: investment credit risk and banking credit risk. The Level 2 credit risk policies and frameworks set out detailed requirements which must be applied in investment management, banking and lending business units. In addition, these Level 2 policies set out the roles and responsibilities for governance committees, business units, functions and individuals involved in credit risk management processes throughout the Group for the business units and functions within the scope of the policy.

The Level 3 credit policies in the business units set out the detailed requirements for each business unit in alignment with the relevant Level 2 credit policy.

The Group manages its credit risk by having a comprehensive risk strategy for all risk types including credit risk, sound investment processes across single assets, single counterparties and aggregate credit portfolio, and comprehensive limit frameworks in place. The risk strategy includes a risk-return framework which sets the overall risk appetite and the risk appetite for specific risk types including credit risk.

Limit frameworks implemented places limits, where applicable, on single facilities, counterparties or groups of counterparties, industry segments, maturity bands and products and are based on both regulatory and economic risk considerations.

The Group ensures comprehensive mandates for the management of credit portfolios relating to insurance businesses are in place, including frameworks, policies and procedures to ensure the appropriate oversight of credit risk. The robust framework ensures a process for identifying, measuring, analysing, monitoring and reporting on risks, including a rigorous model risk governance framework and an independent group model validation capability. Credit risk management follows a rigorous operating model including governance committees, as well as group and business unit roles focused on the management and oversight of credit risk in accordance with Old Mutual Limited's Three Lines of Defence Model. The Group implements formalised and strict escalation processes relating to credit governance and the application, testing and monitoring of risk mitigation actions.

Each investment credit asset acquired follows a strict credit approval process, supported by a credit analysis considering both qualitative and quantitative aspects taking into account the risk return profile. This includes, inter alia, financial and industry analysis and risk assessments coupled with Environmental, Social and Governance analysis. Where applicable, external public credit ratings are considered and the credit quality of exposures are reviewed at least on an annual basis.

Risk monitoring ensures that the risk management approaches in place are effective. The Group employs an active risk monitoring approach both at Group Level and Business Unit (BU) level based on the stated risk appetite and corresponding limits set to manage credit risk. The Group monitors credit risk at a portfolio level (aggregated over the BUs) whilst BUs monitor credit risk on, inter alia, individual deal, mandate, fund, product, customer segment, regional, counterparty, economic sector category levels, whichever is applicable, as well as on a BU Portfolio level. Credit risk exposures are monitored and assessed using appropriate metrics, including trend analysis and communicated to the relevant governance and management committees. Credit risk is monitored against early warning thresholds and exposures are monitored against limits.

The ongoing monitoring and a proactive view of emerging risks are integrated in the granting of new credit. The credit risk appetite and limits are accordingly adjusted to manage the portfolio in view of actual and potential changes in macroeconomic conditions. Portfolio management actions exist in the investment credit asset environment to reduce the exposure to certain counterparties or industries based on this outlook.

Collateral is mainly used in the investment credit portfolios to mitigate the amount of credit risk taken. This is part of the process to ensure OMLACSA has appropriate legal protection in the event of default. Stricter loan covenant or higher levels or better quality collateral are required based on the counterparty and industry outlook.

Within the expected credit loss (ECL) process, the provision is monitored as part of the ongoing management of the underlying credit portfolio. This includes monitoring of the actual credit experience to the expected levels of the following components; default rates, recovery rates and movements between the different ECL stages. The impact of any changes in the ECL parameters is calculated and reported at business unit level. These impacts, together with all other credit risk metrics are reported at the management risk credit committee (a subcommittee of the board) on a quarterly basis as part of a forward looking approach to manage credit risk given emerging risks, opportunities and the defined risk appetite. The financial impact of the ECL provision on each business unit is included in the monthly finance reporting process.

1.3 Internal credit risk ratings

The Group uses internal credit risk ratings that reflect its assessment of the probability of default of individual counterparties in the investment businesses.

The assessment of credit risk across the Group relies on internally developed rating models to categorise exposures according to their probability of default and loss given default. The rating models comprises 28 rating categories (OM1 to OM28). These ratings are determined by incorporating both qualitative and quantitative information that builds on information from established rating agencies like Standard & Poor's and Moody's, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

At initial recognition, each risk exposure is allocated to the credit rating based on the available information about the counterparty. All exposures are subsequently monitored through general and tailored procedures. The data used to monitor these exposures include, but are not limited to, credit information from external rating agencies, changes in business and economic conditions, payment record and aging, customer behaviour, affordability metrics, utilisation of credit limits, probability of default or any other applicable quantitative and qualitative factors.

1.4 Concentrations of credit risk

A concentration of credit risk exists when a number of counterparties are located in a geographical region or are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Group monitors concentrations of credit risk by geographic location. The Group manages its credit exposure based on the carrying value of the financial instruments and insurance and reinsurance assets. The following table analyses the concentrations of credit risk by class of financial asset at 31 December 2022.

At 31 December 2022 Rm	South Africa	Africa regions	Other	Total ¹
Mandatory reserve deposits with central banks	–	173	–	173
Loans and advances	11 638	7 134	–	18 772
Unsecured loans	10 552	2 299	–	12 851
Other secured loans	585	1 736	–	2 321
Home loans	–	3 082	–	3 082
Other loans and advances	501	17	–	518
Investments and securities	763 952	55 969	72 170	892 091
Government and government guaranteed securities	111 904	13 798	–	125 702
Preference shares, other debt securities and debentures	99 828	2 484	–	102 312
Short-term funds and securities treated as investments	61 168	7 932	–	69 100
Other investments and securities	491 052	31 755	72 170	594 977
Reinsurance share of policyholder liabilities	8 304	1 240	–	9 544
Trade, other receivables and other assets	32 397	3 049	287	35 733
Cash and cash equivalents	30 572	4 825	2 070	37 467
Derivative financial instruments – assets	9 687	–	–	9 687

¹ Included in the table above comprise all financial assets of the Group. Refer to note F1.5 for a further disclosure on which of these financial assets attract credit risk.

At 31 December 2021 Rm	South Africa	Africa regions	Other	Total ¹
Mandatory reserve deposits with central banks	–	195	–	195
Loans and advances	10 704	8 018	–	18 722
Unsecured loans	10 403	3 805	–	14 208
Other secured loans	75	3 387	–	3 462
Home loans	–	189	–	189
Other loans and advances	226	637	–	863
Investments and securities	756 811	59 522	83 055	899 388
Government and government guaranteed securities	103 466	12 405	–	115 871
Preference shares, other debt securities and debentures	100 279	2 166	–	102 445
Short-term funds and securities treated as investments	54 904	7 331	–	62 235
Other investments and securities	498 162	37 620	83 055	618 837
Reinsurance share of policyholder liabilities	8 075	1 553	3 744	13 372
Trade, other receivables and other assets	19 924	2 495	383	22 802
Cash and cash equivalents	26 573	3 801	2 557	32 931
Derivative financial instruments – assets	6 391	–	–	6 391

¹ Included in the table above comprise all financial assets of the Group. Refer to note F1.5 for a further disclosure on which of these financial assets attract credit risk.

Notes to the consolidated financial statements

For the year ended 31 December 2022

F: Financial risk and capital management continued

F1: Credit risk continued

1.5 Exposure to credit risk: Financial assets at amortised cost and debt instruments at fair value through profit or loss

The following table sets out information about the financial instruments to which the impairment requirements in IFRS 9 are applicable:

At 31 December 2022 Rm	Total financial assets	Within IFRS 9 ECL allowance scope	Outside IFRS 9 ECL allowance scope
Mandatory reserve deposits with central banks	173	173	-
Reinsurers' share of policyholder liabilities	9 544	-	9 544
Loans and advances	18 772	18 772	-
Investments and securities	892 091	9 612	882 479
Government and government-guaranteed securities	125 702	-	125 702
Other debt securities, preference shares and debentures	102 313	9 612	92 701
Short-term funds and securities treated as investments	69 100	-	69 100
Other ¹	594 976	-	594 976
Trade, other receivables and other assets	35 879	34 003	1 726
Derivative financial instruments – assets	9 688	-	9 688
Cash and cash equivalents	37 467	37 467	-

¹ Other includes equity securities and pooled investments which are not exposed to credit risk.

At 31 December 2021 Rm	Total financial assets	Within IFRS 9 ECL allowance scope	Outside IFRS 9 ECL allowance scope
Mandatory reserve deposits with central banks	195	195	-
Reinsurers' share of policyholder liabilities	13 372	-	13 372
Loans and advances	18 722	18 722	-
Investments and securities	899 388	6 127	893 261
Government and government-guaranteed securities	115 871	-	115 871
Other debt securities, preference shares and debentures	102 445	6 127	96 318
Short-term funds and securities treated as investments	62 235	-	62 235
Other ¹	618 837	-	618 837
Trade, other receivables and other assets	22 802	10 930	11 872
Derivative financial instruments – assets	6 391	-	6 391
Cash and cash equivalents	32 931	32 931	-

¹ Other includes equity securities and pooled investments which are not exposed to credit risk.

1.6 Collateral

(a) Loans and advances

Collateral is held as security against certain loans and advances detailed above, with this principally consisting of cash, properties and letters of credit.

(i) Financial collateral

The Group takes financial collateral to support exposures in its banking and securities lending activities of its listed equities and bonds. Collateral held includes cash and debt securities. Cash collateral is included as part of cash equivalents. These transactions are entered into under terms and conditions that are standard industry practice for securities borrowing and lending activities. The fair value of collateral accepted as security for securities lending arrangements amount to R1 307 million (2021: R1 348 million). For both reporting periods, the Group has not provided any cash collateral for security borrowing arrangements.

The Group has placed government securities amounting to R28 108 million (2021: R16 962 million) as collateral for deposits received under repurchase agreements. These amounts represent assets that have been transferred, but do not qualify for derecognition under IFRS 9. The associated (recorded within trade, other payables and other liabilities in the Consolidated Statement of Financial Position) liabilities amounted to R27 070 million (2021: R16 085 million).

(ii) Non-financial collateral

The Group takes other non-monetary collateral to recover outstanding lending exposures in the event of the borrower being unable or unwilling to fulfil its obligations. This includes mortgage over property (both residential and commercial), and liens over business assets (including, but not limited to plant, vehicles, aircraft, inventories and trade debtors) and guarantees from parties other than the borrower. Where the Group is exposed to syndicated lending, the collateral offered by the borrower is secured by security special purpose vehicles.

Should a counterparty be unable to settle its obligations, the Group can take possession of collateral as full or part settlement of such amounts in lieu of recovery or restructuring plan. In general, the Group seeks to dispose of such property and other assets that are not readily convertible into cash as soon as the market for the relevant asset permits.

(b) Other collateral

Securities held in respect of unlisted debt securities linked to real estate include first covering mortgages over the underlying properties, cession of rights, title and interest to lease agreements and cession of listed unit linked debentures. Securities held on loans extended in other industry sectors include cession of shares, debentures, bank accounts and rights to cash balances, accounts receivable and tangible and intangible assets held by the borrower.

1.7 Analysis of financial assets held at amortised cost

At 31 December 2022 Rm	Gross carrying amount	Allowance for ECL	Net amount	Allowance for ECL		
				Stage 1	Stage 2	Stage 3
Mandatory reserve deposits with central banks	173	-	173	-	-	-
Loans and advances	23 979	(5 207)	18 772	(518)	(451)	(4 238)
Investments and securities	10 060	(448)	9 612	(448)	-	-
Trade, other receivables and other assets	34 529	(524)	34 005	-	(524)	-
Cash and cash equivalents	37 467	-	37 467	-	-	-
	106 208	(6 179)	100 029	(966)	(975)	(4 238)

At 31 December 2021 Rm	Gross carrying amount	Allowance for ECL	Net amount	Allowance for ECL		
				Stage 1	Stage 2	Stage 3
Mandatory reserve deposits with central banks	195	-	195	-	-	-
Loans and advances	23 817	(5 095)	18 722	(683)	(350)	(4 062)
Investments and securities	6 137	(10)	6 127	(10)	-	-
Trade, other receivables and other assets	11 407	(477)	10 930	-	(477)	-
Cash and cash equivalents	32 931	-	32 931	-	-	-
	74 487	(5 582)	68 905	(693)	(827)	(4 062)

The simplified approach for trade receivables has been applied, resulting in measuring the loss allowance at an amount equal to lifetime expected credit losses. The allowances have been displayed under stage 2 as allowances within this stage are also calculated on a lifetime expected credit loss basis.

Notes to the consolidated financial statements

For the year ended 31 December 2022

F: Financial risk and capital management continued

F1: Credit risk continued

1.8 Credit quality analysis

The following tables set out information about the credit quality of financial assets at amortised cost. The total carrying amounts represent the maximum exposure to credit risk at the reporting date:

Loans and advances at amortised cost at 31 December Rm	2022	2021
Stage 1 – Sub Investment grade (BB and lower)	14 898	14 750
Stage 2 – Sub Investment grade (BB and lower)	1 249	1 190
Stage 3 – Sub Investment grade (BB and lower)	1 415	1 600
Insignificant ECL attributable – Investment grade (AAA to BBB)	1 210	1 182
Total	18 772	18 722

Based on the maturity profile of loans and advances, R4 874 million (2021: R5 731 million) is receivable no more than 12 months after the reporting date and R13 898 million (2021: R12 991 million) is receivable more than 12 months after the reporting date.

Investments and securities at amortised cost at 31 December 2022 Rm	Investment grade (AAA to BBB)	Sub-Investment grade (BB and lower)	Total
Stage 1	–	9 612	9 612
Total	–	9 612	9 612

Investments and securities at amortised cost at 31 December 2021 Rm	Investment grade (AAA to BBB)	Sub-Investment grade (BB and lower)	Total
Stage 1	–	6 127	6 127
Total	–	6 127	6 127

1.9 Impairment of financial assets

(a) Overview

During the current financial year, the Group recognised expected credit loss of R1 079 million (2021: R667 million).

(b) Calculation of ECL

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD).

ECL reflects the Group's own expectations of credit losses. However, when considering all reasonable and supportable information that is available without undue cost or effort in estimating ECL, the Group also considers observable market information about the credit risk of the particular financial instrument or similar financial instruments. The ECL loss amount depends on the specific stage where the financial instrument has been allocated to within the ECL model:

- » **Stage 1:** At initial recognition a financial instrument is allocated into stage 1, except for purchased or originated credit impaired financial instruments.
- » **Stage 2:** A financial instrument is allocated to stage 2 if there has been a significant increase in credit risk since initial recognition of the financial instrument.
- » **Stage 3:** A financial instrument is allocated to stage 3 if the financial instrument is in default or is considered to be credit impaired.

The ECL loss allowances are measured on either of the following bases:

- » **Stage 1:** ECLs that result from possible default events within the 12 months after the reporting date; and
- » **Stage 2 and stage 3:** ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- » Financial assets that are determined to have low credit risk at the reporting date; and
- » Financial assets where credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Exposures are assessed on a collective basis in each stage unless there is sufficient evidence that one or more events associated with an exposure could have a detrimental impact on future cash flows. Where such evidence exists, the exposure is assessed on an individual basis. In some instances, financial assets are grouped into categories in accordance with the term of the financial instrument or the percentage of expected payments that were received. Financial assets are also grouped according to the status of the financial asset. The Group makes use of estimates of PDs, LGDs and EADs to calculate the ECL balance for financial assets at amortised cost. Depending on the relevant information available, PDs are based on historic default rate curves or linked to ratings assigned to counterparties which is set using hybrid models which comprise both conventional statistical models and expert judgement.

LGDs are derived from a default recovery time series model that takes recency of payments into account or through internally developed statistical models. The LGD represents losses expected on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money. The forecast value for the collateral is also affected by the range of forward-looking probability-weighted macroeconomic scenarios.

EADs are determined with reference to expected amortisation schedules, historical payment patterns and taking into account credit conversion factors as applicable for undrawn or revolving facilities. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. The ECL calculation of a financial instrument takes into account both the contractual and available behavioural repayment patterns over the relevant estimation period.

(c) Significant increase in credit risk and default

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers quantitative and qualitative information based on the Group's historical experience, credit assessment and including forward-looking information. The Group's assessment of a significant increase in credit risk from initial recognition consists of a primary and secondary risk driver as follows:

- » The primary risk driver aligns to the quantitative credit risk assessments performed, such as the behaviour score, credit rating, probability of default or arrears aging of a financial instrument.
- » The secondary risk assessment considers a broad range of qualitative risk factors based on a forward-looking view such as economic and sector outlooks. The secondary risk assessment can be performed on a portfolio basis as opposed to a quantitative assessment at a financial instrument level.

These primary and secondary risk drivers are included by the Group as part of the ongoing credit risk management. When making a quantitative assessment, the Group uses the change in the probability of default occurring over the expected life of the financial instrument. This requires a measurement of the probability of default at initial recognition and at the reporting date. A rebuttable assumption is that the credit risk since initial recognition has increased significantly if a financial instrument is 30 days past due on any payments or is one payment in arrears. It is not anticipated that this assumption will be rebutted. Financial assets at amortised cost can be transferred back to stage 1 or 2 within the ECL model if specific criteria have been met. A financial asset is in default when the financial asset is credit-impaired or if the Basel definition of default is met. Where applicable, the rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, is applied.

(d) Forward-looking information

Forward-looking information includes but is not limited to macroeconomic conditions expected in the future. Forward-looking information used in the ECL calculation reflects the nature and characteristics of the credit risk exposures. Forward-looking information models considers a set of macroeconomic factors and estimates the relationship between these factors and the key parameters used in calculating the ECL. The Group made use of cross-correlation functions, transfer function models, dynamic regression models and co-integration analyses to identify the impact of forward-looking information on the measurement of ECL balances. Forward-looking factors have been considered taking into account risk factors used in risk assessments, stress testing, budgeting as well as strategy and pricing decisions. Relevant factors include factors intrinsic to the entity and its business or derived from external conditions. The Group considers a range of scenarios over a time period of three years. A probability is assigned to the outcome of each scenario and the weighted average outcomes is considered to be the ECL balance. Forward-looking assessments are considered on an individual or collective basis. When correlations do not exist and, where applicable, management applies expert judgement to determine an overlay provision to incorporate best estimates of the impact of forward-looking information. Any overlay provision is based on available information and qualitative risk factors within a governed process. Estimates regarding credit risk parameters and the impact of forward-looking information used in the calculation of the ECL loss amount are reviewed at each reporting date and updated if necessary.

The following table shows the key forecast assumptions used for South Africa to calculate the Group's ECL allowance for the reporting period ended 31 December:

Annual average % change year-on-year	Base case		Upside		Downside			
	2021	2022 ¹	2023	2024	2023	2024		
Real GDP growth	4.9	2.3	2.0	2.4	2.5	3.0	1.0	1.0
CPI inflation (average) ¹	4.5	6.9	4.8	4.6	5.5	5.0	4.5	4.0
Prime rate (year-end) ¹	7.25	10.50	10.75	10.25	10.50	10.50	10.00	10.00

¹ Only CPI and prime rate data for 2022 are actual numbers.

Notes to the consolidated financial statements

For the year ended 31 December 2022

F: Financial risk and capital management continued

F1: Credit risk continued

1.9 Impairment of financial assets continued

Base case scenarios for South Africa as at 31 December 2022

The global economic backdrop is not as negative for the South African economy as we thought just a few months ago. The expected rebound in China will negate many of the other negatives. In addition, the end to the Fed's rate hiking cycle will likely lead to more USA Dollar weakness, which in turn should give more support to the Rand exchange rate. The South African economy is also somewhat better insulated against a global slowdown compared to previous cycles.

Apart from support from net exports, consumer spending and business fixed investment, the economy should also benefit from a relatively good agricultural season. Rainfall has been quite beneficial to the prospects of another large maize crop – our single biggest contribution to overall agricultural production.

While interest rates are higher than at the start of 2022, no significant further increases, combined with lower inflation, will not only stabilise but could even lift confidence. Improved confidence combined with a strong uplift to real income growth (lower inflation and some employment growth) will be supportive to consumer spending. Business confidence will likely also get a fillip from an improved political situation. President Ramaphosa's very decisive win at the ANC's December elective conference could very well mean even faster and more decisive policy reform. Despite a relatively weak win in the 2017 conference, policy reform has thus far been stronger than expected when taking into account the strong move towards more private sector participation in the economy, including the most significant policy reform ever in SA: the complete opening up of energy generation. This shift toward the private sector was especially significant against the background of expectations of a policy shift towards more populist policies after the significant unrest in July 2021. The ongoing electricity supply crisis has led to the President announcing a State of Disaster in the energy sector. While significant private electricity generation, combined with official efforts to bring more electricity online should assist in easing the severity of loadshedding for the rest of the year and into 2024, the confidence crisis could be detrimental to economic growth. Similarly, while the greylisting of SA by the Financial Action Task Force is unlikely to have any severe economic impact, it could hurt already fragile confidence. A positive recent development was the 2023 National Budget which continued strongly on the path of fiscal consolidation and provided a credible debt solution to ESKOM.

The Reserve Bank's hiking cycle is close to an end with the 25 basis point increase in January 2023 likely the last in the cycle. Inflation has already peaked in South Africa. From a recent cycle high of 7.8% in July 2022, headline CPI inflation has since drifted lower and ended 2022 on 7.2%. Lower international oil prices combined with a more stable Rand exchange rate (which should result in even more petrol price declines), lower food inflation and the advantage of significant base effects will facilitate a relatively fast slowing of inflation over the course of 2023. Inflation will likely be back in the target range from May onwards and could conceivable dip below 4% for a few months during the second half of 2023.

Forward-looking information for Africa regions as at 31 December 2022

The economic climate of most OMAR countries that the Group operates in has deteriorated in recent years. The main reasons for this include the COVID-19 pandemic and subsequent government responses, rising global inflation and the consequent macroeconomic impacts of the Russia-Ukraine war. In many cases, some of the beforementioned factors exacerbated the existing economic fragility of many African countries.

Data used in modelling is provided from a combination of third-party sources (reputable rating agencies) and internal data (e.g. client payment behavioural data). The comparative table below show the weighted values of the key forward-looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations per region.

Year ended 31 December Africa Regions (excluding South Africa)	2022	2021
Repo rate	6.99%	6.87%
Consumer Price Inflation	5.90%	5.04%
Gross domestic product (GDP)	8.87%	5.90%
Household debt to disposable income	1 547	1 353

(e) Write-off policy

The Group writes off a financial instrument at amortised cost when the entity has no reasonable expectation of recovery of the outstanding balance of the instrument. Determining when to write off financial assets is a matter of judgement and incorporates both quantitative and qualitative information. No bad debt written off is subject to enforcement activity.

The following are examples of what could result in the write off of a financial asset at amortised cost:

- » legal prescription;
- » settlement campaigns, collection efforts and legal processes do not result in the settlement of balances outstanding;
- » receipt of payments from insurers; and
- » financial assets have been in arrears for a significant amount of time with no qualifying payments being received in recent months.

(f) Critical accounting estimates and judgements – ECL allowances for loans and advances

In determining the ECL allowances for loans and advances, the following significant judgements and estimates were considered.

- » In the absence of sufficient depth of data and the sophistication of credit risk management systems and protocols, management applies expert judgement within a governance framework to determine the required parameters. The expert judgement process is based on available internal and external information.
- » Due to differences in availability of data and maturity of credit risk management across the Group, different approaches are used to determine the key parameters.
- » Judgement was applied in identifying the qualitative and quantitative triggers and thresholds used to identify significant increases in credit risk since initial recognition of the financial assets. Depending on the availability of reasonable and supportable information without undue cost or effort, significant increases in credit risk is identified through, amongst others, increases in behaviour scores, arrears aging and portfolio assessments.
- » In some instances the 12-month PDs are calculated by a behaviour scoring model that takes into account internal and external information, where available. The 'behaviour PDs' are linked to empirical default rates. A specific change in the behaviour score (and associated PD) indicates that the credit risk has increased significantly since initial recognition. Identifying the specific change in the PD that would trigger a significant increase in credit risk includes a degree of judgement. The behaviour scorecard is monitored and is recalibrated if necessary. Translating 12-months PDs into lifetime PDs requires management judgement and is based on the timing of defaults observed historically. In low default commercial and corporate portfolios PDs are calculated using a combination of internal ratings, default experience and PD floors based on sovereign credit ratings for the jurisdiction.
- » Various arrears aging thresholds are also used to determine whether a significant increase in credit risk took place since initial recognition. Judgement is applied to determine the appropriate arrears threshold for different financial assets. The Group also makes use of the rebuttable presumption that a significant increase in credit risk has taken place when a financial asset is 30 days past due or one payment in arrears.
- » The Group applies judgement in identifying default and credit-impaired financial assets. In making this judgement, the Group considers the arrears category where the balance has been allocated to, whether the balance is in legal review, debt review or under administration or expert judgement. Financial asset are credit impaired when one or more events with a detrimental impact on the expected cash flows have taken place.
- » A key judgement in determining the LGDs is the time period that the cash flows must be estimated for. The time period is estimated based on historical data that can be volatile. When the cash flows are too volatile the time period is capped to limit volatility. LGDs are influenced by estimates of the amounts to be recovered from the realisation of collateral and the estimated costs to realise the collateral.
- » The Group has applied judgement in selecting the following macroeconomic factors: CPI inflation, the repo rate, unemployment rate and the household debt-to-income ratio. Management applied judgement in determining the number of scenarios to be used, the probability assigned to each scenario and the time period used to estimate the impact of forward-looking information of the ECL losses. By nature, the estimation of the values of macroeconomic factors in the near future is judgemental and subject to uncertainty.
- » In the absence of a reliable correlation between macroeconomic factors and ECL losses, the Group applied expert judgement to decide whether a management overlay provision should be included in the measurement of ECL losses. After considering available information and qualitative risk factors within a governed process, the Group concluded that a management overlay provision will not be included in the measurement of ECL losses.

Notes to the consolidated financial statements

For the year ended 31 December 2022

F: Financial risk and capital management continued

F1: Credit risk continued

1.9 Impairment of financial assets continued

(g) Reconciliation of loss allowance relating to financial assets subsequently measured at amortised cost

The following table presents a reconciliation from the opening balance to the closing balance of the loss allowance for loans and advances at amortised cost, and how significant changes in the gross carrying amount contributed to changes in the loss allowance:

Loans and advances at amortised cost at 31 December 2022 Rm	Total allowance for ECL	Stage 1	Stage 2	Stage 3
Balance at beginning of the year	(5 095)	(683)	(350)	(4 062)
Originations	(1 193)	(671)	(103)	(419)
Interest accruals	–	–	–	–
Repayments	1 679	496	337	846
Transfer to stage 1 ¹	42	(23)	40	25
Transfer to stage 2 ¹	(214)	105	(402)	83
Transfer to stage 3 ¹	(689)	147	107	(943)
Model and risk parameter changes	(73)	66	(107)	(32)
Foreign exchange, write-offs and other movements	336	45	27	264
Balance at end of the year	(5 207)	(518)	(451)	(4 238)

¹ Includes stage 3 write-offs of R888 million.

Loans and advances at amortised cost at 31 December 2021 Rm	Total allowance for ECL	Stage 1	Stage 2	Stage 3
Balance at beginning of the year	(4 903)	(686)	(446)	(3 771)
Originations	(578)	(550)	(15)	(13)
Interest accruals	(603)	(126)	(95)	(382)
Repayments	506	427	355	(276)
Transfer to stage 1 ¹	45	(61)	65	41
Transfer to stage 2 ¹	(159)	131	(389)	99
Transfer to stage 3 ¹	(946)	173	191	(1 310)
Model and risk parameter changes	(84)	(3)	(17)	(64)
Foreign exchange, write-offs and other movements	1 627	12	1	1 614
Balance at end of the year	(5 095)	(683)	(350)	(4 062)

¹ Includes stage 3 write-offs of R987 million.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties with whom balances are held.

F2: Market risk

Market risk is the potential impact of unfavourable changes in foreign exchange rates, interest rates and equity prices on the financial position and financial performance of the Group. Market risk arises differently across the Group's businesses depending on the types of financial assets and liabilities held, which in turn is driven by the nature of the business activities.

The Group has developed risk policies which set out the practices which are used to monitor and manage market risk. These policies are cascaded to business units across the Group. Each of the business units has its own established set of policies, principles and governance processes to monitor and manage market risk within its individual businesses and in accordance with local regulatory requirements.

Market risks on policies where the terms are guaranteed in advance and the investment risk is carried by the shareholders (e.g. guaranteed non-profit annuities) are predominantly matched with suitably dated interest-bearing assets which minimises interest rate risk and ensures adequate asset and liability matching. Residual risk exposures are minimal and within risk appetite and, where applicable, absorbed by discretionary margins (e.g. savings products).

The Asset-Liability Management (ALM) value chain for these products are generally as follows:

- » Match interest rate risk with suitable assets– see more detail in note F2.2 Interest Rate Risk.
- » Manage the counterparty credit risk due to derivative trading with banks through suitable collateral- and margin management processes.
- » Manage the liquidity risk resulting from the above collateral- and margin management process by holding adequate sources of liquid assets which can serve as collateral (for more details see note F3 Liquidity Risk).
- » In order to generate liquidity, we might enter securitised short-term funding contracts to create cash liquidity from the matching assets – e.g. repurchase agreements (Repos). These transactions require similar collateral processes to derivatives and would create similar collateral- and margin risk as described above (for more details see note F3 Liquidity Risk).
- » Cash raised from the above repo positions, introduce potential liquidity risk and more specifically repo roll risk; we manage this by holding sufficient liquidity to be able to step in and fund short-dated funding gaps where and when applicable (for more details see note F3 Liquidity Risk).

Market risks on with-profit policies, where investment risk is shared between policyholders and shareholders, are minimised by appropriate bonus declaration practices and having suitable mandates for asset allocation (the stock selection and investment analysis process is supported by well-developed research functions). In addition, shareholder risk is further minimised through dynamically managed hedging strategies based on the risk attached to the various shareholder guarantees. Where residual risk exposures exist (specifically sensitivity to rate and equity volatility) adequate discretionary margins are held to absorb adverse market movements.

Market risk resulting from shareholder investments is managed through set asset allocation mandates in line with the Group strategy. For the South Africa shareholder listed equity portfolio we aim to limit capital losses using a hedged equity strategy. The hedging strategy is executed primarily in the form of zero cost collars where the exposure to losses is limited to 5% – 15% of the investment value whilst underlying equities track the Capped SWIX total return Index. The remaining Nedbank holding is accounted for on a fair value basis post the unbundling and contributes towards the market risk of the shareholder investments going forward.

The principal market risk arising in the Group's banking operations is interest rate risk on the banking book resulting from repricing and/or maturity mismatches between on and off-balance sheet components in all banking business. Governance structures are in place to achieve effective independent monitoring and management of market risk.

Notes to the consolidated financial statements

For the year ended 31 December 2022

F: Financial risk and capital management continued

F2: Market risk continued

2.1 Currency translation risk

The Group has exposure to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates. From a capital perspective, the Group's capital is held where our risks are located and currency translation risk would only be realised if we were to require a transfer of surplus capital between regions during a period of stress. As per the Group Risk Strategy, selective appetite exists for currency translation risk.

The functional currencies of the Group's principal overseas operations are pound sterling, US dollar, Zimbabwean dollar and Kenyan shilling.

In the following tables, the Other category includes the Group's exposure to Euro, Namibian dollar, Malawian kwacha, Nigerian naira and Zimbabwean dollar.

These foreign currency translation tables below have been prepared on the basis that the values of the economic hedging instruments are reflected at their carrying value as opposed to their notional amounts. Translation of foreign operations into rand does not expose the Group to foreign currency translation risk, but does expose the Group to volatility in financial position and performance of the underlying entities. Refer to note A2(b) for information on the translation of the Zimbabwean entities into rand.

At 31 December 2022 Rm	ZAR	GBP	USD	KES	Other	Total
Assets						
Mandatory reserve deposits with central banks	–	–	8	128	37	173
Reinsurers' share of policyholder liabilities	7 634	–	111	336	1 463	9 544
Loans and advances	11 610	–	–	1 758	5 404	18 772
Investments and securities	772 934	5 250	56 326	5 904	51 677	892 091
Trade, other receivables and other assets	32 009	107	329	1 112	2 322	35 879
Derivative financial instruments – assets	9 580	–	–	–	108	9 688
Cash and cash equivalents	30 613	647	1 198	369	4 640	37 467
Total assets that include financial instruments	864 380	6 004	57 972	9 607	65 651	1 003 614
Assets held for sale and distribution	352	–	18	–	–	370
Total non-financial assets	38 304	26	5 901	2 291	16 450	62 972
Total assets	903 036	6 030	63 891	11 898	82 101	1 066 956
Liabilities						
Long-term business insurance policyholder liabilities	632 572	9 380	57 399	2 825	51 681	753 857
Third-party interest in consolidation of funds	101 168	–	1 581	–	–	102 749
Borrowed funds	13 223	–	195	843	2 452	16 713
Trade, other payables and other liabilities	79 548	1 301	3 638	1 992	4 522	91 001
Amounts owed to bank depositors	–	–	–	2 228	2 478	4 706
Derivative financial instruments – liabilities	12 580	–	–	–	–	12 580
Total liabilities that include financial instruments	839 091	10 681	62 813	7 888	61 133	981 606
Total non-financial liabilities	12 597	16	1 082	1 660	3 449	18 804
Total liabilities	851 688	10 697	63 895	9 548	64 582	1 000 410

At 31 December 2021

Rm	ZAR	GBP	USD	KES	Other	Total
Assets						
Mandatory reserve deposits with central banks	–	1	9	149	36	195
Investments in associated undertakings and joint ventures' undertakings	463	1	429	–	15	908
Reinsurers' share of policyholder liabilities	8 016	3 744	73	281	1 258	13 372
Loans and advances	10 705	–	4	2 364	5 649	18 722
Investments and securities	657 831	19 068	162 019	6 212	54 258	899 388
Trade, other receivables and other assets	19 507	–	466	508	2 321	22 802
Derivative financial instruments – assets	6 134	–	257	–	–	6 391
Cash and cash equivalents	25 828	1 813	1 286	336	3 668	32 931
Total assets that include financial instruments	728 484	24 627	164 543	9 850	67 205	994 709
Assets held for sale and distribution	269	–	–	–	–	269
Total other non-financial assets	37 311	24	2 127	2 608	16 806	58 876
Total assets	766 064	24 651	166 670	12 458	84 011	1 053 854
Liabilities						
Life assurance policyholder liabilities	653 245	20 925	56 195	2 987	61 267	794 619
Third-party interest in consolidation of funds	77 308	–	–	–	–	77 308
Borrowed funds	14 324	–	242	773	2 167	17 506
Trade, other payables and other liabilities	52 247	1 716	3 664	1 868	4 439	63 934
Amounts owed to bank depositors	(1)	77	28	3 021	2 780	5 905
Derivative financial instruments – liabilities	3 683	280	3 037	–	1 084	8 084
Total liabilities that include financial instruments	800 806	22 998	63 166	8 649	71 737	967 356
Total other non-financial liabilities	13 901	118	2 571	1 486	3 121	21 197
Total liabilities	814 707	23 116	65 737	10 135	74 858	988 553

The Group may reduce currency translation risk through the use of currency swaps, currency borrowings and forward foreign exchange contracts.

Sensitivity analysis

The following analysis is performed for reasonably possible movements in key variables, with all other variables held constant, showing the impact on, profit before tax, and equity due to changes in the fair value of currency-sensitive monetary assets and liabilities, including those relating to insurance and reinsurance contracts. The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The method used for deriving sensitivity information and significant variables did not change from the previous year:

Rm	Change in exchange rate	Impact on profit after tax		Impact on equity	
		Strengthening	Weakening	Strengthening	Weakening
At 31 December 2022					
GBP	10%	467	(467)	467	(467)
USD	10%	–	–	–	–
KES	10%	(235)	235	(235)	235
At 31 December 2021					
GBP	10%	(153)	153	(153)	153
USD	10%	(276)	276	(276)	276
KES	10%	(232)	232	(232)	232

Notes to the consolidated financial statements

For the year ended 31 December 2022

F: Financial risk and capital management continued

F2: Market risk continued

2.2 Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Group's earnings and the value of its assets, liabilities and capital.

The Group has due regard to the nature of the liabilities and guarantees given to policyholders. Generally, the interest rate risk of such liabilities is managed by investing in fixed interest assets of similar duration.

For guaranteed annuities and protection products (life, funeral, disability and critical illness cover), the interest rate risk is managed by investing in fixed interest assets of varying terms, in order to hedge the liability's exposure to interest rate risk across the yield curve. For protection products this approach was introduced via an optimised hedging strategy which was initiated in 2020 and finalised in 2021. The hedging strategy whereby interest rate risk is managed across the yield curve is now fully embedded in our interest rate risk management operations. The non-unit liabilities held for savings products are also sensitive to interest rates. Interest rate exposures on the aforementioned products are not hedged, and is managed by a discretionary margin which absorbs profit or loss impact from interest rate risk sensitivities, limited to the size of the discretionary margin.

For products with embedded guarantees, investment guarantee reserves (IGRs) are calculated on a market-consistent basis. These IGRs are sensitive to movements in interest rates as well as the implied volatility of interest rates, with a reduction in interest rates and/or an increase in implied interest rate volatility increasing the reserves held. Economic hedging is largely in place to mitigate the impact of interest rate movements. A discretionary margin is also held for the potential ineffectiveness of such hedging strategies and for the movements in implied volatilities which are not hedged.

Shareholder capital is also exposed to interest rate risk due to fluctuations in the market value of government bonds within the shareholder funds. Interest rate risk also arises due to changes in the fair value of fixed rate debt when interest rates move, which is hedged using swaps.

The table below shows the sensitivity of assets and liabilities to changes in interest rates. The effect of discretionary margins are included in the change in liabilities in line with relevant discretionary margin methodologies. The sensitivities are calculated for guaranteed (non-profit) products and shareholder funds where shareholders bear the market risk and excludes with-profit and linked funds.

At 31 December 2022 Rm	Change in assets	Change in liabilities	Net impact on profit before tax
Policyholder funds			
Interest -1%	4 094	4 187	(93)
Interest +1%	(3 503)	(3 588)	85
Shareholder funds			
Interest -1%	224	117	107
Interest +1%	(211)	(113)	(98)

At 31 December 2021 Rm	Change in assets	Change in liabilities	Net impact on profit before tax
Policyholder funds			
Interest -1%	4 295	4 396	(101)
Interest +1%	(3 615)	(3 705)	90
Shareholder funds			
Interest -1%	164	62	102
Interest +1%	(153)	(60)	(94)

Note: The above tables excludes the Group's Zimbabwean operations, refer to note A2(b) for Zimbabwe specific sensitivities. It also excludes the impact of securities held in the Old Mutual Africa Regions segment, the majority of which consists of securities held in Zimbabwe. As Zimbabwe is currently experiencing hyperinflation, a 1% move would have a negligible impact on the value of the securities (refer to Note A2(b)). The remainder of the assets would have an immaterial impact on the sensitivity analysis.

2.3 Equity price risk

Equity price risk is the risk that fluctuating equity prices will unfavourably affect the Group's earnings and the value of its assets, liabilities and capital.

Where products have embedded guarantees, the shareholder shares in the equity price level should the guarantees 'bite'. The value of these guarantees are reflected in IGRs calculated on a market-consistent basis. IGRs are sensitive to movements in equity prices as well as implied equity volatility, with a reduction in equity prices and/or an increase in implied equity volatility typically increasing the level of the reserves calculated. Economic hedging is in place to largely mitigate the impact of equity price movements. A discretionary margin is also held for the potential ineffectiveness of such hedging strategies and for the movements in implied volatilities which are not hedged.

There is limited exposure to equity price risk in non-profit products as equity securities are generally not regarded as suitable to match such insurance obligations (where the main risk is interest rate risk).

Indirect shareholder exposure to equity price risk exists where fees earned on products (primarily smoothed bonus, with-profit annuities and unit-linked) are based on the underlying portfolio.

Shareholder capital is also exposed to equity price risk due to equity investments forming part of the Strategic Asset Allocation (SAA) strategy. The exposure of SA shareholder capital investments to adverse movements in equity prices is mitigated to a large degree by the utilisation of equity hedging instruments.

The table below shows the sensitivity of assets and liabilities to changes in equity market levels. The effect of discretionary margins are included in the change in liabilities in line with relevant discretionary margin methodologies. The sensitivities are calculated for guaranteed (non-profit) products and shareholder funds where shareholders bear the market risk and excludes with-profit and linked funds.

At 31 December 2022 Rm	Change in assets	Change in liabilities	Net impact on profit before tax
Policyholder funds			
Equity -10%	409	419	(10)
Equity +10%	(409)	(419)	10
Shareholder funds			
Equity -10%	(609)	-	(609)
Equity +10%	491	-	491

At 31 December 2021 Rm	Change in assets	Change in liabilities	Net impact on profit before tax
Policyholder funds			
Equity -10%	144	248	(104)
Equity +10%	(143)	(248)	105
Shareholder funds			
Equity -10%	(781)	-	(781)
Equity +10%	717	-	717

Note: The above table excludes the Group's Zimbabwean operations, refer to note A2(b) for Zimbabwe specific sensitivities. It also excludes the impact of securities held in the Old Mutual Africa Regions segment, the majority of which consists of securities held in Zimbabwe. As Zimbabwe is currently experiencing hyperinflation, a 10% move would thus disproportionately skew the sensitivity analysis (refer to Note A2(b)). The remainder of the assets would have an immaterial impact on the sensitivity analysis.

Notes to the consolidated financial statements

For the year ended 31 December 2022

F: Financial risk and capital management continued

F3: Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Financial assets that count as available liquidity include cash and money market accounts in holding companies, undrawn amounts in revolving credit facilities and dividends declared by subsidiaries. Financial assets are used to meet liquidity requirements that arise from central expenses, planned transactions, dividend declarations, subsidiary liquidity shortfalls (if any), capital support and external debt calls.

Subsidiaries are responsible for managing their own liquidity needs in line with the Group Liquidity Risk Policy. This allows the subsidiaries to withstand severe stress events while also taking into account any applicable local regulations. The work is overseen by the local subsidiary Company's Board, which for material subsidiaries includes Group representation. Liquidity is also held centrally to meet the liquidity demands of a listed holding company.

The Group liquidity position is monitored over a forecast period of 36 months. The Group's liquidity risk appetite is to maintain sufficient liquidity to withstand a 1-in-200-year stress event over a one-year period while meeting the demands of ongoing operations.

The primary sources of liquidity risk are:

- » Within the Insurance businesses, where derivative instruments may be used for the purposes of hedging and efficient portfolio management. The largest exposure of this nature relates to annuity and risk product portfolios in OMLACSA. The derivative instruments give rise to collateral calls in a changing interest rate environment. These are managed by performing detailed stress tests and ensuring adequate liquidity exists to cover potential collateral and margin calls.
- » Within the Banking and Lending businesses, where wholesale funding is sourced to fund loans to customers. Liquidity risk arises as a result of refinancing risk (the risk that the business cannot raise funding to cover maturing debts) or as a result of financial covenants imposed by the businesses' lenders. Old Mutual Finance does not take retail deposits and a portion of its funding is provided by wholesale lenders, subject to financial covenants. Central African Building Society (CABS) is a regulated building society in Zimbabwe and is subject to local banking regulation. Faulu Microfinance Bank Limited (FAULU) is a regulated deposit-taking micro-lender and is subject to local regulation. Both CABS and FAULU obtain a portion of their funding from wholesale lenders, subject to financial covenants. For entities that have sourced wholesale funding subject to maintaining financial covenants, the respective covenants are monitored by the borrowing entity on an ongoing basis and reported to the central treasury team on a monthly basis. The consolidated view of all financial covenants is also presented at various committee's such as the OML Asset and Liability committee, OML Balance Sheet committee and OML Board Risk committee. Should an instance arise during which a financial covenant is breached, specific emphasis is placed on management actions that could be put in place to remedy the breach and formal waivers are negotiated with the respective lenders. The most common financial covenants that are in place across the Group include ratios that measure the capital adequacy of the borrower entities as well as non-performing loan and credit loss ratios for lending businesses within the Group.
- » Within the Group's central treasury function, where the key liquidity risks relate to the balance between remittances received from the businesses either by way of operations or through capital items, compared to central costs including debt funding and/or capital or liquidity demands of the businesses.

The above risks are mitigated by a combination of holding ample readily accessible liquidity where the risks lie, whether these arise from shareholder commitments or policyholder liabilities, having access to contingent sources of liquidity such as revolving credit facilities, management processes to monitor lending covenants and suitable management actions to proactively remedy any deterioration in the covenant status or liquidity coverage. In the event of a liquidity risk scenario occurring the actual actions to be taken will be tailored to the specific circumstances.

The contractual maturities of the Group's financial liabilities and insurance contracts are set out in notes G2, G3 and G4.

F4: Capital management

The Group aims to maintain its solvency levels within the target range of 170% – 200%. The target range has been set with reference to the requirements of relevant stakeholders and seeks to ensure we maintain sufficient, but not excessive, financial strength to support stakeholder requirements and retain financial flexibility through the maintenance of sufficient liquidity.

The Prudential Standards prescribed under the Insurance Act seek to improve policyholder protection and contribute to financial stability through aligning insurers' regulatory capital requirements with underlying risks. It also strengthens the regulatory requirements in respect of governance, risk management and internal controls for insurers and aligns with international standards. In accordance with the Prudential Standards, each insurance company must maintain own funds to cover at a minimum their capital requirements. In practice, companies will hold a buffer above this minimum requirement. The solvency capital requirements (SCR) is the primary solvency capital requirement for South African insurers. The SCR is calibrated to correspond to the amount of own funds that an insurer needs to hold at a confidence level of 99.5% over a one-year period. The SCR can be calculated either using the Standard Formula or an Internal Model.

The required capital for OMLACSA, which is the major component of the Group solvency, is calculated using the Standard Formula. This requires the calculation of capital requirements for each key risk category, namely business risk, market risk, life liability risk, credit, counterparty and concentration risk, operational risk and currency risk. The capital requirements for each risk category are aggregated using a prescribed correlation matrix, which allows for diversification effects between some of the risk categories. Subject to regulatory approval, the Standard Formula allows for certain methodology elections to be made.

The Group solvency capital position must be compliant with regulatory requirements at all times. In addition to the calculated regulatory capital requirement, the Group holds a buffer above these minimum requirements that will allow it to remain compliant after a predefined extreme adverse scenario. The primary sources of capital used by the Group are shareholders equity and qualifying subordinated debt. There are a number of constraints, including the Group's desired credit rating, required liquidity and dividend capacity, which inform the optimal mix of capital sources.

During 2021, the Prudential Authority approved Old Mutual Limited's application to use the Accounting Consolidation Method when aggregating SCR for the Group solvency capital calculation, and the application to unbundle the Nedbank equity holding held by Old Mutual Emerging Markets (Pty) Ltd. The Accounting Consolidation Method allows for the diversification of risks between South African licensed insurance entities which has the effect of reducing Group SCR and improving the solvency capital position. This necessitated the change in Group solvency target range from 165% – 195% to 170% – 200% for year-end 2021. Nedbank is treated as an equity investment in the calculation of the Group solvency position. Despite the unbundling of approximately R10bn of capital to shareholders, the Group solvency position reduced by approximately 3%; the own funds reduction being offset by the associated reduction in SCR (due to a lower stress on equity investments). The remaining investment in Nedbank is held by OMLACSA and managed in line with the Group's Financial Management Framework.

The Group manages its capital based on the regulatory requirements set out by the Prudential Authority for Insurance Groups with OML as the designated holding company of the Group. The Group targets an OML solvency coverage ratio of 170% to 200%.

At 31 December 2022 Rm (Unaudited)	Optimal target range	2022	2021	Change (2022 vs. 2021)
OMLACSA				
Eligible own funds		59 618	62 470	(5%)
Solvency capital requirement (SCR)		27 853	31 084	(10%)
Solvency ratio (%)	175% to 210%	214%	201%	6%
Group				
Eligible own funds		94 271	91 401	3%
Solvency capital requirement (SCR)		49 533	49 707	0%
Solvency ratio (%)	170% to 200%	190%	184%	3%

Notes to the consolidated financial statements

For the year ended 31 December 2022

F: Financial risk and capital management continued

F5: Other unaudited information

The capital value used by the Group as the primary performance measurement base is the Group's embedded value. The following table shows the sensitivity of the Group's embedded value to changes in key assumptions. Embedded value is a measure of the value of shareholders' interests in the covered business of the company after sufficient allowance has been made for the aggregate risks in the covered business. It is measured in a way that is consistent with the value that would normally be placed on the cash flows generated by these assets and liabilities in a deep and liquid market. All calculations include the impact on the time-value reserves necessary for policyholder financial options and guarantees.

For each sensitivity illustrated, all other assumptions have been left unchanged except where they are directly affected by the revised conditions. Sensitivity scenarios therefore include consistent changes in cash flows directly affected by the changed assumption(s), for example future bonus participation in changed economic scenarios. For more information on the Group's embedded value, refer to the Additional Disclosures in the Group Annual Results published on 14 March 2023.

This information has not been audited by the Group's auditors.

At 31 December Rm	Unaudited 2022 EV	Unaudited 2021 EV
Central assumptions	64 795	70 315
Value given changes in:		
Economic assumptions 100bps increase ¹	65 095	70 417
Economic assumptions 100bps decrease ¹	64 244	70 088
Equity/property market value 10% increase ²	66 831	72 452
Equity/property market value 10% decrease ²	62 728	68 541
10bps increase of liquidity spreads ³	65 022	70 539
50bps contraction on corporate bond spreads ⁴	64 795	70 315
25% increase in equity/property implied volatilities ⁵	64 642	69 904
25% increase in swaption implied volatilities ⁶	64 673	70 186
10% decrease in discontinuance rates ⁷	66 483	72 159
10% decrease in maintenance expenses ⁸	66 552	72 195
5% decrease in mortality/morbidity rates ⁹	68 085	73 344
5% decrease in annuitant mortality assumption ¹⁰	64 424	69 959

- 1 Economic assumptions 100bps increase/decrease: Increasing/decreasing all pre-tax investment and economic assumptions (projected investment returns and inflation) by 100bps, with credited rates and discount rates changing commensurately.
- 2 Equity/property market value 10% increase/decrease: Equity and property market value increasing/decreasing by 10%, with all profit before tax investment and economic assumptions unchanged.
- 3 10bps increase in liquidity spreads: Recognising the present value of an additional 10bps of liquidity spreads assumed on corporate bonds over the lifetime of the liabilities (annuities only), with credited rates and discount rates changing commensurately.
- 4 50bps contraction on corporate bond spreads.
- 5 25% increase in equity/property implied volatilities: 25% multiplicative increase in implied volatilities.
- 6 25% increase in swaption implied volatilities: 25% multiplicative increase in implied volatilities.
- 7 10% decrease in discontinuance rate.
- 8 10% decrease in maintenance expenses: Maintenance expense levels decreasing by 10%, with no corresponding decrease in policy charges.
- 9 5% decrease in mortality/morbidity rates: Mortality and morbidity assumptions for assurances decreasing by 5%, with no corresponding decrease in policy charges.
- 10 5% decrease in annuitant mortality assumption: Mortality assumption for annuities decreasing by 5%, with no corresponding increase in policy charges.

G: Analysis of financial and insurance assets and liabilities

G1: Investment and securities and derivative financial assets and liabilities

(a) Investments and securities

The table below analyses the investments and securities that the Group invests in, either for its own proprietary behalf (shareholder funds) or on behalf of third parties (either policyholder funds or pooled investments).

At 31 December Rm	2022	2021
Government and government-guaranteed securities	125 702	115 871
Other debt securities, preference shares and debentures	102 189	102 445
Listed	25 481	24 879
Unlisted	76 708	77 566
Equity securities	329 190	347 330
Listed	299 165	325 366
Unlisted	30 025	21 964
Pooled investments ¹	264 417	270 029
Listed	125 427	148 054
Unlisted	138 990	121 975
Short-term funds and securities treated as investments ²	69 122	62 235
Other	1 471	1 478
Total investments and securities	892 091	899 388

¹ Pooled investments represent the Group's holdings of shares or units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles which are not consolidated.

² Included in Short-term funds and securities treated as investments is cash and cash equivalents of R25 324 million (2021: R 22 190 million).

Investments and securities are regarded as current and non-current assets based on the intention with which the financial assets are held, as well as their contractual maturity profile. Of the amounts shown above, R59 178 million (2021: R138 941 million) is expected to be recoverable within 12 months from the reporting date and R830 413 million (2021: R760 447 million) is expected to be recovered more than 12 months from the reporting date.

The majority of the listed equity securities are traded on well-established exchanges such as the New York Stock Exchange, London Stock Exchange and JSE Securities Exchange.

The Group's holdings of unlisted equity securities arise principally from private equity investment and unlisted investment vehicles.

(b) Derivative financial assets and liabilities

Derivative financial assets and liabilities predominantly consist of interest rate swaps and bond forward contracts used to economically hedge the Group's borrowed fund fixed and variable rate exposures.

At 31 December Rm	2022				2021			
	Carrying value		Notional value		Carrying value		Notional value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	8 659	(11 160)	139 648	142 903	4 858	(6 745)	129 237	140 887
Forward rate agreements	806	(787)	74 973	37 967	712	(672)	40 142	20 661
Other (options and futures)	223	(633)	–	–	821	(667)	–	–
Total	9 688	(12 580)	214 621	180 870	6 391	(8 084)	169 379	161 548

R1 121 million (2021: R1 262 million) of the total derivative financial assets of R9 688 million (2021: R6 391 million) is regarded as current with the remainder being non-current.

R1 772 million (2021: R1 238 million) of the total derivative financial liabilities of R12 580 million (2021: R8 084 million) is regarded as current with the remainder being non-current.

Notes to the consolidated financial statements

For the year ended 31 December 2022

G: Analysis of financial and insurance assets and liabilities continued

G2: Insurance and investment contracts

Life assurance

Classification of contracts

Life assurance contracts are categorised into insurance contracts, contracts with a discretionary participation feature or investment contracts, in accordance with the classification criteria set out in the paragraphs below.

For the Group's unit-linked assurance business, contracts are separated into an insurance component and an investment component (known as unbundling) and each unbundled component is accounted for separately in accordance with the accounting policy for that component. The treatment of these types of contracts as separate components (unbundling) only occurs when there is a small or insignificant amount of insurance risk in the contract. Other kinds of contracts are considered and categorised as a whole.

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. Insurance risk is risk other than financial risk. Contracts accounted for as insurance contracts include life assurance contracts and savings contracts providing more than an insignificant amount of life assurance protection.

Financial risks are the risks of a possible future change in one or more of a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or other variable, provided, in the case of a non-financial variable, that the variable is not specific to a party to the contract.

Contracts with discretionary participation features are those under which the policyholder holds a contractual right to receive additional payments as a supplement to guaranteed minimum payments. These additional payments, the amount and timing of which is at the Group's discretion, represent a significant portion of the total contractual payments.

These are contractually based on (i) the performance of a specified pool of contracts or a specified type of contract, (ii) realised and/or unrealised investment returns on a specified pool of assets held by the Group or (iii) the profit or loss of the Group. Investment contracts with discretionary participation features, which have no life assurance protection in the policy terms, are accounted for in the same manner as insurance contracts.

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant (or there is no transfer of insurance risk) and where there is no discretionary participation are classified as investment contracts. Such contracts include unit-linked savings and/or investment contracts sold without life assurance protection and are classified as financial instruments.

Premiums on life assurance

Premiums and annuity considerations receivable under insurance contracts and investment contracts with a discretionary participation feature are stated gross of commission and exclude taxes and levies. Premiums in respect of unit-linked insurance contracts are recognised when the liability is established. Premiums in respect of insurance contracts and investment contracts with a discretionary participation feature are recognised when due for payment.

Amounts received under investment contracts, other than those with a discretionary participation feature, and unit-linked assurance contracts are not recorded through profit or loss, except for fee income and investment income attributable to those contracts, but are accounted for directly through the consolidated statement of financial position as an adjustment to investment contract liabilities.

Claims paid on life assurance

Claims paid under insurance contracts and investment contracts with a discretionary participating feature include maturities, annuities, surrenders, death and disability payments.

Maturity and annuity claims are recorded as they fall due for payment. Death and disability claims and surrenders are accounted for in profit or loss when notified.

Reinsurance recoveries in profit or loss are recognised in profit or loss in the same period as the related claim.

Amounts paid under investment contracts other than those with a discretionary participating feature and unit-linked assurance contracts are recorded as reductions of the investment contract liabilities.

Life Insurance contract liabilities

Provisions in respect of South African business are made in accordance with the Financial Soundness Valuation basis as set out in the latest version of the guidelines issued by the Actuarial Society of South Africa in Standard of Actuarial Practice (SAP) 104.

Under these guidelines, provisions are valued using realistic expectations of future experience, with margins for prudence and deferral of profit emergence.

Provisions for investment contracts with a discretionary participating feature are also computed using the gross premium valuation method in accordance with the Financial Soundness Valuation basis. Surplus allocated to policyholders but not yet distributed related to these contracts is included as part of life insurance policyholder liabilities.

Reserves for immediate annuities and other guaranteed payments are computed on the prospective method, which produces reserves equal to the present value of future benefit payments.

For other territories, the valuation bases adopted are in accordance with local actuarial practices and methodologies.

Derivative instruments embedded in a life insurance contract are not separated and measured at fair value if the embedded derivative itself qualifies for recognition as a life insurance contract. In this case the entire contract is measured as described above.

The Group performs liability adequacy testing at a business unit level on its insurance liabilities to ensure that the carrying amount of its liabilities (less related deferred acquisition costs and intangible assets) is sufficient in view of estimated future cash flows. When performing the liability adequacy test, the Group discounts all contractual cash flows and compares this amount to the carrying value of the liability at discount rates appropriate to the business in question. Where a shortfall is identified, an additional provision is made by increasing the liability held. The provision assumptions and estimation techniques are periodically reviewed, with any changes in estimates reflected in profit or loss as they occur.

While the Directors consider that the gross life insurance contract liabilities and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided.

In respect of the South African life assurance business, shadow accounting is applied to life insurance contract liabilities where the underlying measurement of the policyholder liability depends directly on the value of owner-occupied property and the unrealised gains or losses on such property, which are recognised in other comprehensive income. The shadow accounting adjustment to life insurance contract liabilities is recognised in other comprehensive income to the extent that the unrealised gains or losses on owner-occupied property backing life insurance contract liabilities are also recognised directly in other comprehensive income.

Financial guarantee contracts, issued in insurance contracts are recognised as part of the overall measurement of insurance contracts.

Investment contract liabilities

Investment contract liabilities in respect of the Group's business other than unit-linked business are recorded at amortised cost unless they are designated at fair value through profit or loss in order to eliminate or significantly reduce a measurement or recognition inconsistency, for example where the corresponding assets are recorded at fair value through profit or loss.

Investment contract liabilities in respect of the Group's unit-linked business are recorded at fair value. For such liabilities, including the deposit component of unbundled unit-linked assurance contracts, fair value is calculated as the account balance, which is the value of the units allocated to the policyholder, based on the bid price of the assets in the underlying fund (adjusted for tax).

Investment contract liabilities measured at fair value are subject to a 'deposit floor' such that the liability established cannot be less than the amount repayable on demand.

Acquisition costs on life insurance liabilities

Acquisition costs for insurance contracts comprise all direct and indirect costs arising from the sale of insurance contracts.

As the gross premium valuation method used in South Africa to determine insurance contract liabilities makes implicit allowance for the deferral of acquisition costs, no explicit deferred acquisition cost asset is recognised in the consolidated statement of financial position for the contracts issued in these areas.

Deferral of costs on insurance business is limited to the extent that they are deemed recoverable from available future margins.

Notes to the consolidated financial statements

For the year ended 31 December 2022

G: Analysis of financial and insurance assets and liabilities continued

G2: Insurance and investment contracts continued

Property and Casualty

Contracts under which the Group accepts significant insurance risk from another party and which are not classified as life insurance are classified as Property and Casualty. All classes of Property and Casualty business are accounted for on an annual basis.

Premiums on Property and Casualty

Premiums are stated gross of commissions, exclude taxes and levies and are accounted for in the period in which the risk commences. The proportion of the premiums written relating to periods of risk after the reporting date is carried forward to subsequent accounting periods as an unearned premiums liability, so that earned premiums relate to risks carried during the accounting period.

Claims on Property and Casualty

Claims incurred, which are recognised in profit or loss, comprise the settlement and handling costs of paid and outstanding claims arising during the year and adjustments to prior year claim provisions. Outstanding claims comprise claims incurred up to, but not paid, at the end of the accounting period, whether reported or not.

Outstanding claims do not include any provision for possible future claims where the claims arise under contracts not in existence at the reporting date.

The Group performs liability adequacy testing at a business unit level on its claim liabilities to ensure that the carrying amount of its liabilities (less related deferred acquisition costs and the unearned premium reserve) is sufficient in view of estimated future undiscounted cash flows.

While the Directors consider that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events, and may result in significant adjustments to the amount provided. Adjustments to the amounts of claims provisions established in prior years are reflected in profit or loss in the financial statements for the period in which the adjustments are made, and disclosed separately if material. The methods used and estimates made are reviewed regularly.

Acquisition costs on Property and Casualty

Acquisition costs, which represent commission and other related expenses, are deferred and amortised over the period in which the related Property and Casualty premiums are earned.

Reinsurance

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities and income and expense arising from ceded reinsurance contracts are presented separately from the related assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Only rights under contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance assets.

Rights under contracts that do not transfer significant insurance risk are accounted for as financial instruments.

Reinsurance premiums for ceded reinsurance are recognised as an expense on a basis that is consistent with the recognition basis for the premiums on the related insurance contracts.

For the Property and Casualty business, reinsurance premiums are expensed over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The unexpensed portion of ceded reinsurance premiums is included in reinsurance assets.

The amounts recognised as reinsurance assets are measured on a basis that is consistent with the measurement of the insurance liabilities held in respect of the related insurance contracts. Reinsurance assets include recoveries due from reinsurance companies in respect of claims paid.

Reinsurance assets are assessed for impairment at each reporting date. An asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due, and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

Critical accounting estimates and judgements – Insurance and investment contract liabilities

Life insurance contract liabilities

While the Directors consider that the gross life insurance contract liabilities and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided.

Pandemic reserve

The emergence of the COVID-19 pandemic has had a significant impact on the level of judgement management had to apply in assessing the impact of the pandemic on the cash flows used to measure the insurance contract liabilities.

In the current period, COVID-19 did not continue to have a significant impact on claims experience. Wave 4 and wave 5 hospital admissions and excess deaths experience were less pronounced in the insured population due to the recent variants being more transmissible but less virulent than previous variants. Furthermore, significant insured population immunity has been achieved through vaccinations and prior infections.

Rm	Mass and Foundation Cluster	Personal Finance	Old Mutual Corporate	Old Mutual Africa Regions	Group
Pandemic provisions at 31 December 2021	353	1 761	372	378	2 864
Released to income statement	(353)	(1 761)	(372)	(378)	(2 864)
Pandemic provisions at 31 December 2022	-	-	-	-	-
Best estimate liability including prescribed margin	-	-	-	-	-
Discretionary margin	-	-	-	-	-

The pandemic impact related to COVID-19 in the table above represents the total impact in the current year Income Statement. The pandemic reserves at 31 December 2022 have been released from the financial statement line item Life Insurance Contract Liabilities on the Statement of Financial Position.

The volatility in operating earnings caused by the pandemic over the last two years has stabilised in the current year as the ongoing impact of the pandemic becomes more muted compared to what was assumed in our reserving.

In the current period, all short-term provisions have been released, as actual experience was materially lighter than expected experience. Rather an allowance for COVID-19 becoming endemic was included in the long-term mortality bases for underwritten risk products, to allow for the future impact of excess COVID-19-related mortality on our experience.

Sensitivity analysis of the COVID-19 provisions was not updated for the period, given that the provisions have been released.

Actuarial basis changes

Rm	2022			2021		
	South Africa	Old Mutual Africa Regions	Group	South Africa	Old Mutual Africa Regions	Group
Non-economic assumption changes	162	140	302	(2 687)	(484)	(3 171)
Economic assumption changes	1 181	171	1 352	432	14	446
Total basis changes	1 343	311	1 654	(2 255)	(470)	(2 725)

Assumption changes were less negative in 2022, with the release of remaining COVID-19 provisions being partially offset by strengthening of persistency basis and mortality bases (to include expected future endemic COVID-19 costs into base mortality).

Notes to the consolidated financial statements

For the year ended 31 December 2022

G: Analysis of financial and insurance assets and liabilities continued

G2: Insurance and investment contracts continued

(a) Net earned premiums

The Group's net earned premiums from insurance and investment contracts with discretionary participation features are analysed as follows:

Year ended 31 December Rm	2022	2021
Premiums earned		
Life insurance contracts	36 655	35 974
Investment contracts with discretionary participation features	26 554	27 621
Property and Casualty	22 459	20 246
Gross earned premiums	85 668	83 841
Outwards reinsurance premium ceded	(11 131)	(11 290)
Net earned premiums	74 537	72 551

(b) Policyholder liabilities

The Group's insurance and investment contracts are analysed as follows:

Year ended 31 December Rm	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Life assurance policyholder liabilities						
Total life insurance contracts liabilities	145 118	(3 427)	141 691	155 349	(4 099)	151 250
Life insurance contracts liabilities	141 718	(3 095)	138 623	151 451	(3 628)	147 823
Outstanding claims	3 400	(332)	3 068	3 898	(471)	3 427
Investment contract liabilities	608 739	-	608 739	639 270	(3 759)	635 511
Unit-linked investment contracts and similar contracts	373 539	-	373 540	392 705	(3 744)	388 961
Other investment contracts	1 505	-	1 504	1 082	-	1 082
Investment contracts with discretionary participating features	233 695	-	233 695	245 483	(15)	245 468
Total life assurance policyholder liabilities	753 857	(3 427)	750 430	794 619	(7 858)	786 761
Property and Casualty liabilities						
Claims incurred but not reported	2 268	(1 201)	1 067	2 589	(970)	1 619
Unearned premiums	3 899	(1 251)	2 648	3 400	(1 273)	2 127
Outstanding claims	5 539	(3 665)	1 874	5 217	(3 271)	1 946
Total Property and Casualty liabilities	11 706	(6 117)	5 589	11 206	(5 514)	5 692
Total policyholder liabilities	765 563	(9 544)	756 019	805 825	(13 372)	792 453

Of the R9 544 million (2021: R13 372 million) included in reinsurers' share of Life assurance policyholder and Property and Casualty liabilities is an amount of R6 526 million (2021: R10 738 million) which is recoverable within 12 months from the reporting date. The remainder is recoverable more than 12 months from the reporting date.

(c) Insurance contracts

Movements in the amounts outstanding in respect of life assurance policyholder liabilities, other than outstanding claims, are set out below:

Year ended 31 December Rm	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at beginning of the year	151 451	(3 628)	147 823	142 772	(3 475)	139 297
Income						
Premium income	36 094	(3 480)	32 614	35 974	(3 764)	32 210
Investment income	3 694	-	3 694	22 278	-	22 278
Other income	1 184	950	2 134	143	(1 202)	(1 059)
Expenses						
Claims and policy benefits	(33 593)	3 662	(29 931)	(42 227)	5 696	(36 531)
Operating expenses	(9 481)	-	(9 481)	(8 992)	-	(8 992)
Currency translation (gain)/loss	(747)	2	(745)	169	(2)	167
Other charges and transfers	(532)	(838)	(1 370)	(119)	1 148	1 029
Taxation	(304)	(1)	(305)	(672)	3	(669)
Transfer to/(from) operating profit	(6 048)	238	(5 810)	2 125	(2 032)	93
Balance at end of the year	141 718	(3 095)	138 623	151 451	(3 628)	147 823

The R141 718 million (2021: R151 451 million) relating to life insurance contract liabilities does not include outstanding claims amounting to R3 400 million (2021: R3 898 million).

(d) Unit-linked investment contracts and similar contracts, and other investment contracts

At 31 December Rm	2022	2021
Balance at beginning of the year	393 787	334 311
Contributions received	38 380	43 551
Maturities	(944)	(895)
Withdrawals and surrenders	(42 390)	(36 522)
Fair value movements ¹	(7 657)	53 697
Foreign exchange and other movements ²	(6 132)	(355)
Balance at end of the year	375 044	393 787

¹ Fair value movements relate to changes in investment contract liabilities. Those movements are partially driven by valuation adjustments to investments and securities and valuation adjustments in investment properties.

² Included in foreign exchange and other movements is an amount of R4 592 million relating to the disposal of Old Mutual International Guernsey Limited.

(e) Discretionary participating investment contracts

Discretionary participating investment contracts relate to the continuing businesses only. None of the businesses classified as held for sale and distribution have issued any discretionary participating investment contracts.

Year ended 31 December Rm	2022	2021
Balance at beginning of the year	245 483	203 117
Income		
Premium income	26 554	27 621
Investment and other income	14 142	53 162
Other income	83	81
Expenses		
Claims and policy benefits	(35 136)	(36 523)
Operating expenses	(1 344)	(1 167)
Other charges and transfers	(993)	664
Taxation	(92)	(427)
Currency translation (gain)/loss	(13 931)	248
Transfer to operating profit	(1 071)	(1 293)
Balance at end of the year	233 695	245 483

Notes to the consolidated financial statements

For the year ended 31 December 2022

G: Analysis of financial and insurance assets and liabilities continued

G2: Insurance and investment contracts continued

(f) COVID-19 and other business interruption insurance

COVID-19 impacts

The Group has continued to support customers who incurred Business Interruption (BI) claims as a result of the enforced national lockdown, provided there was an instance of COVID-19 within the defined radius of the customer's business

Key changes to the reserves during the year was a R83 million release of IBNR due to no new claims being registered during the 2022 year, as well as a release in the technical reserve originally raised.

In December 2022, after several months of intense negotiation with the CAT XOL lead reinsurer, a reduced recovery of 90% was accepted for their total share across all impacted treaties.

There remains uncertainty around the final position of another reinsurer on the panel where negotiations are in the process of being finalised, and this has led to R20 million of the technical reserve relating to sub-limit being held for the potential impact of their decision.

There are several BI claims being evaluated by the legal team however the majority are within the loss occurrence date and future movements will be absorbed by the reinsurance treaties resulting in a zero net impact. One particular matter can result in the loss occurrence falling out of the reinsurance treaty and therefore if the loss date is adjusted will have a R19.2 million impact and therefore the data reserve was held to cover the potential impact.

(g) Analysis of movements in outstanding claims (net of subrogation including IBNR)

Year ended 31 December Rm	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at the beginning of the year	6 296	(3 252)	3 044	9 560	(6 171)	3 389
Current year claims incurred	12 251	(5 525)	6 726	9 853	(4 579)	5 274
Change in previous years' claims estimates	(2 746)	720	(2 026)	(4 135)	3 747	(388)
Current year claims paid net of subrogation	(8 316)	3 826	(4 490)	(6 122)	2 711	(3 411)
Previous year claims paid net of subrogation	(2 105)	951	(1 154)	(2 860)	1 040	(1 820)
Balance at the end of the year	5 380	(3 280)	2 100	6 296	(3 252)	3 044

(h) Analysis of cumulative claims

The following tables illustrate the development of gross and net Insurance cumulative claims for the past five financial periods, including the impact of re-estimation of claims provisions at the end of each financial year for the Group's South African Property and Casualty businesses. The first table shows actual gross cumulative claims and the second shows actual net cumulative claims.

Financial year Rm	Estimate of cumulative claims gross of reinsurance						
	Total	2022	2021	2020	2019	2018	2017 and prior
At end of year	48 056	12 251	8 984	10 710	9 684	6 427	-
One year later	34 856	-	8 862	9 535	8 737	7 722	-
Two years later	25 948	-	-	9 507	8 746	7 695	-
Three years later	16 196	-	-	-	8 449	7 747	-
Four years later	7 633	-	-	-	-	7 633	-
Five years later	53 431	-	-	-	-	-	53 431
	100 133	12 251	8 862	9 507	8 449	7 633	53 431
Cumulative payments	(94 752)	(8 316)	(8 325)	(9 010)	(8 294)	(7 497)	(53 310)
Estimated balance to pay	5 381	3 935	537	497	155	136	121

Financial year Rm	Estimate of cumulative claims net of reinsurance						
	Total	2022	2021	2020	2019	2018	2017 and prior
At end of year	28 374	6 726	5 296	4 779	5 660	5 913	-
One year later	18 374	-	4 662	4 031	5 231	4 450	-
Two years later	13 993	-	-	4 371	5 115	4 507	-
Three years later	9 373	-	-	-	4 915	4 458	-
Four years later	4 417	-	-	-	-	4 417	-
Five years later	41 123	-	-	-	-	-	41 123
	66 214	6 726	4 662	4 371	4 915	4 417	41 123
Cumulative payments	(64 116)	(4 490)	(4 719)	(4 511)	(4 947)	(4 379)	(41 070)
Estimated balance to pay	2 098	2 236	(57)	(140)	(32)	38	53

Financial year Rm	Estimate of cumulative claims gross of reinsurance						
	Total	2021	2020	2019	2018	2017	2016 and prior
At end of year	52 253	9 853	12 586	10 602	9 799	9 413	-
One year later	38 890	-	11 247	9 803	8 620	9 220	-
Two years later	27 540	-	-	9 761	8 633	9 146	-
Three years later	17 809	-	-	-	8 624	9 185	-
Four years later	9 237	-	-	-	-	9 237	-
Five years later	50 220	-	-	-	-	-	50 220
	98 942	9 853	11 247	9 761	8 624	9 237	50 220
Cumulative payments	(92 646)	(6 122)	(9 855)	(9 168)	(8 347)	(9 121)	(50 033)
Estimated balance to pay	6 296	3 731	1 392	593	277	116	187

Financial year Rm	Estimate of cumulative claims net of reinsurance						
	Total	2021	2020	2019	2018	2017	2016 and prior
At end of year	31 663	5 274	7 422	6 611	5 912	6 444	-
One year later	22 562	-	5 926	5 956	5 311	5 369	-
Two years later	16 612	-	-	6 077	5 133	5 402	-
Three years later	10 564	-	-	-	5 230	5 334	-
Four years later	5 507	-	-	-	-	5 507	-
Five years later	40 299	-	-	-	-	-	40 299
	68 313	5 274	5 926	6 077	5 230	5 507	40 299
Cumulative payments	(65 269)	(3 411)	(5 548)	(5 687)	(5 013)	(5 413)	(40 197)
Estimated balance to pay	3 044	1 863	378	390	217	94	102

Notes to the consolidated financial statements

For the year ended 31 December 2022

G: Analysis of financial and insurance assets and liabilities continued

G2: Insurance and investment contracts continued

(i) Contractual maturity analysis

The following table shows a maturity analysis of liability cash flows based on contractual maturity dates for investment contract liabilities and discretionary participating financial instruments, and expected claim dates for insurance contracts.

Investment contract policyholders have the option to terminate or transfer their contracts at any time and to receive the surrender or transfer value of their policies. Although these liabilities are payable on demand, and are therefore included in the contractual maturity analysis as due in less than three months, and more than three months less than one year, the Group does not expect all these amounts to be paid out within one year of the reporting date.

The undiscounted cash flows of discretionary participating investment contracts only include amounts vested or to be vested, while their carrying amount include reserves that are payable at the discretion of the Group.

The Group acknowledges that for Property and Casualty the unearned premium provision, which will be recognised as earned premium in the future, will most likely not lead to claim cash outflows equal to this provision. The Group has estimated the potential claim outflows that may be associated with this unearned premium.

At 31 December 2022 Rm	Undiscounted cash flows					Total
	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	
Life assurance policyholder liabilities						
Total life insurance contracts	145 118	15 296	12 829	68 376	250 537	347 038
Life insurance contract liabilities	141 718	11 910	12 829	68 376	250 537	343 652
Outstanding claims	3 400	3 386	–	–	–	3 386
Investment contract liabilities	608 739	573 371	870	4 766	193 300	772 307
Unit-linked investment contracts and similar contracts	373 539	374 001	12	184	900	375 097
Other investment contracts	1 505	994	209	527	95	1 825
Investment contracts with discretionary participating features	233 695	198 376	649	4 055	192 305	395 385
Total life assurance policyholder liabilities	753 857	588 667	13 699	73 142	443 837	1 119 345
Property and Casualty liabilities						
Claims incurred but not reported	2 268	832	880	374	29	2 115
Unearned premiums	3 899	914	2 016	866	–	3 796
Outstanding claims	5 539	2 827	1 977	1 684	98	6 586
Total Property and Casualty liabilities	11 706	4 573	4 873	2 924	127	12 497
Total policyholder liabilities	765 563	593 240	18 572	76 066	443 964	1 131 842

At 31 December 2021 Rm	Undiscounted cash flows					Total
	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	
Life assurance policyholder liabilities						
Total life insurance contracts	155 349	17 662	13 038	69 249	254 130	354 079
Life insurance contract liabilities	151 451	13 902	13 038	69 249	254 130	350 319
Outstanding claims	3 898	3 760	–	–	–	3 760
Investment contract liabilities	639 270	616 044	455	1 615	2 615	620 729
Unit-linked investment contracts and similar contracts	392 705	381 592	–	–	–	381 592
Other investment contracts	1 082	895	201	379	88	1 563
Investment contracts with discretionary participating features	245 483	233 557	254	1 236	2 527	237 574
Total life assurance policyholder liabilities	794 619	633 706	13 493	70 864	256 745	974 808
Property and Casualty liabilities						
Claims incurred but not reported	2 589	899	980	332	264	2 475
Unearned premiums	3 400	469	1 964	298	392	3 123
Outstanding claims	5 217	2 338	1 346	1 043	811	5 538
Total Property and Casualty liabilities	11 206	3 706	4 290	1 673	1 467	11 136
Total policyholder liabilities	805 825	637 412	17 783	72 537	258 212	985 944

(j) Exposure and management of risk arising from insurance contracts

The Group assumes liability risk, sometimes referred to as insurance risk, life contracts under which the Group agrees to compensate the policyholder or beneficiary if a specified uncertain future event affecting the policyholder occurs. This risk includes mortality and morbidity risk for life insurance contracts, as well as non-life risk from events such as fire or accident arising under general insurance contracts. As such, the Group is exposed to the uncertainty surrounding the timing and severity of such claims.

The principal risk is that the frequency and severity of claims is greater than expected and that the Group does not charge premiums appropriate for the risk accepted. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

Another key risk is that the return on the portfolio of assets held by the Group is not sufficient to cover the claims made on the insurance contracts.

The Group's risk philosophy is therefore to hold capital where the risks lie and the Group only takes on risks that we can understand, price appropriately and have the skills to monitor and manage.

Risk management objectives and policies for mitigating insurance risk

The Group manages insurance risk through the following mechanisms:

- » An agreed risk appetite for all risk types, including those relating to insurance.
- » The diversification of business over several classes of insurance and large numbers of uncorrelated individual risks, by which the Group seeks to reduce variability in loss experience.
- » The maintenance and use of management information systems, which provide current data on the risks to which the business is exposed and the quantification of such risks.
- » Actuarial models, which use the above information to calculate premiums and monitor decrements and claims patterns.
- » Past experience and statistical methods are used.
- » Guidelines for concluding insurance contracts and assuming insurance risks. These include underwriting principles and product pricing procedures.
- » Reinsurance, which is used to limit the Group's exposure to large single claims and catastrophes. When selecting a reinsurer, consideration is given to those companies that provide high security using rating information from both public and private sources.
- » The mix of assets, which is driven by the nature and term of the insurance liabilities. The management of assets and liabilities is closely monitored to ensure that there are sufficient interest bearing assets to match the guaranteed portion of liabilities. Hedging instruments are used at times to limit exposure to equity market and interest rate movements.

Notes to the consolidated financial statements

For the year ended 31 December 2022

G: Analysis of financial and insurance assets and liabilities continued

G2: Insurance and investment contracts continued

(j) Exposure and management of risk arising from insurance contracts continued

Management of insurance risks

The following table summarises the variety of insurance risks to which the Group is exposed, and the methods by which it seeks to mitigate these risks:

Risk type	Nature of risk	Risk management
Liability – mortality	Misalignment of policyholders to the appropriate pricing basis or impact of antiselection or random fluctuation in deaths, resulting in a loss.	Experience is closely monitored. Mortality rates can be reset at the end of the guarantee term. Underwriting limits, health requirements, spread of risks and training of underwriters and reinsurance all mitigate the risk.
Liability – morbidity	Misalignment of policyholders to the appropriate pricing basis or impact of antiselection or random fluctuation in disability/ critical illness, resulting in a loss.	Experience is closely monitored. Morbidity rates can be reset at the end of the guarantee term. Underwriting limits, health requirements, spread of risks and training of underwriters all mitigate the risk.
Liability – longevity	Possible increase in annuity costs due to policyholders living longer.	For non-profit annuities, improvement to longevity is allowed for in pricing and valuation. Experience is closely monitored. For with-profit annuity business, the longevity risk is carried by policyholders and any mortality profit or loss is reflected in bonuses declared.
Liability – mortality catastrophe	Natural and non-natural disasters could result in increased mortality risk and payouts on policies.	Catastrophe excess of loss reinsurance treaty covers claims from one incident occurring within a specified period between a range of specified limits.
Liability – morbidity catastrophe	Natural and non-natural disasters could result in increased morbidity risk and payouts on policies.	Catastrophe excess of loss reinsurance treaty covers claims from one incident occurring within a specified period between a range of specified limits.
Market – yield curve movement	Lower swap curves and higher volatilities cause investment guarantee reserves to increase. Movements in yield curves also affect the liabilities of annuity and protection products which affects reported earnings	A discretionary margin is added to the value of guarantees, determined on a market consistent stochastic basis and included in current reserves. Hedging is largely in place for most products. Fewer and lower guarantees are typically provided on new business.
Market – asset price movement	Unfavourable movements in asset prices may result in asset values being less than guaranteed policy values, particularly on smooth bonus business. (This product delivers stable, or 'smooth' returns over time, the smoothing approach delivers investment returns in the form of annual bonuses).	An investment guarantee reserve has been set up to mitigate the risk of poor market performance relative to investment guarantees. Shareholder risk is further minimised through dynamically managed hedging strategies based on the risk attached to the various shareholder guarantees. Where residual risk exposures exist (specifically sensitivity to rate and equity volatility) adequate discretionary margins are held to absorb adverse market movements. An investment guarantee reserve has been set up to mitigate the risk of poor market performance relative to investment guarantees.
Tax	Tax risk is the risk that the projected taxation basis for basic life assurance business is incorrect, resulting in contracts being incorrectly priced. Tax risk also represents potential changes in the interpretation or application of prevailing tax legislation applicable to either policyholders or shareholders, resulting in higher taxes reducing profitability or increasing shareholder tax burdens.	The taxation position of the operations is projected annually and tax changes will result in changes to new business pricing models as part of the annual control cycle. High risk issues and emerging trends are reported internally on a quarterly basis.

Risk type	Nature of risk	Risk management
Policyholder behaviour	The risk that business performance will be below projections as a result of negative variances in new business volumes and margins, and lapse, rebate and expense experience. A natural consequence of doing business, which is proportional to the size of our business, is that it will grow as the businesses grow. These arise as a result of new products and new business.	Good business practices and disciplines. When selling new business, the Group will only sell products that meet its customers' needs and which they can afford, which then has a better chance of staying on books (this benefits both the customer and the Group). The Group offers innovative products to suit different clients and needs, enabling it to find opportunities even in challenging market conditions. In order to limit lapse risk, products are designed to limit the financial loss on surrender, subject to 'Treating Customers Fairly' principles. Expense risk is limited through the quarterly monitoring of budgets and forecasts.
Business volume risk	Business volumes are not in line with those allowed for in the pricing of products, meaning the expenses are not fully recovered.	Business volumes are closely monitored, and pricing assumptions may be updated to allow appropriately for the expenses incurred by the Group in writing and maintaining policies.
Expenses	Expense risk is the risk that actual expenses and expense inflation differ from expected levels. Higher expenses and expense inflation may result in emerging profit falling below the Group's profit objectives.	Expense levels are monitored quarterly against budgets and forecasts. An activity-based costing process is used to allocate costs relating to processes and activities to individual product lines. Some products' structures include variable maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels. This review may result in changes in charge levels, subject to Treating Customers Fairly principles.
Lapse risk	Lapse risk arises where policies lapse before initial costs are recouped, or where lapse experience differs from pricing assumptions.	Product design also allows for surrender penalties on early surrender with certain products. Experience is closely monitored. Premium rates can be reset at the end of the guarantee term. From 2018, Old Mutual Rewards benefits offered to our customers also contribute towards encouraging persistency.
Mass lapse risk	Mass lapse risk is the risk that the Group will not be able to continue operations after losing the policyholders due to market panic or some other external event.	The Group holds capital to guard against a mass lapse scenario. This includes an allowance for operating expenses over a one-year period.
Property and Casualty: Exposure relating to catastrophe events	Natural and non-natural disasters could result in increased claims experience which could result in underwriting losses.	The Group sets out the total aggregate exposure that it is prepared to accept in certain territories to a range of events, such as natural catastrophes. The aggregate position is reviewed annually. The Group uses a number of modelling tools to monitor aggregation and to simulate catastrophe losses in order to measure the effectiveness of the reinsurance programmes and the net exposure of the Group.

Notes to the consolidated financial statements

For the year ended 31 December 2022

G: Analysis of financial and insurance assets and liabilities continued

G2: Insurance and investment contracts continued

(j) Exposure and management of risk arising from insurance contracts continued

Risk type	Nature of risk	Risk management
Property and Casualty: Insurance risk	The principal risk is that the frequency or severity of claims is greater than expected and that the Group does not charge premiums appropriate for the risk accepted.	The Group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks spread over a large geographical area. The underwriting strategy is set out in an annual business plan and risk appetite that determines the classes of business to be written, the territories in which business is to be written and the industry sectors to which the Group is prepared to accept exposure. Adherence to the underwriting delegated authorities is managed through the underwriting portfolio management and quality assurance processes.
Property and Casualty: Reinsurance risk	Reinsurance risk is the risk that the reinsurance cover placed is inadequate and/ or inefficient relative to the Group's risk management strategy and objectives.	The Group buys a combination of proportional and non-proportional reinsurance treaties to reduce the overall volatility as well as the net exposure on any one risk/event to within the stated annual risk appetite limits.
Property and Casualty: Claims development	The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term, subject to predetermined time scales dependent on the nature of the insurance contract. The Group is therefore exposed to the risk that claims reserves will not be adequate to fund historic claims (run-off risk).	The majority of the Group's insurance contracts are classified as 'short-tailed', meaning that most claims are settled within a year after the loss date. This contrasts with the 'long-tailed' classes where the claims cost takes longer to materialise and settle. The Group's long-tailed business is generally limited to liability, personal accident, third-party motor liability and certain engineering classes. To manage run-off risk the Group takes all the reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices. Further, there is a specific capital provision to allowed for the risk of inadequate reserves.

Concentration of insurance risk

The Group manages concentration risk through various mechanisms and monitors the opportunities for mitigating actions. Such mechanisms include: underwriting principles and product pricing procedures, reinsurance and the diversification of business over several classes of insurance and large numbers of uncorrelated individual risks.

Sensitivity analysis – life assurance

Changes in key assumptions used to value insurance contracts would result in increases or decreases to the insurance contract provisions recorded, with impact on profit/(loss) and/or shareholders' equity. The effect of a change in assumption is mitigated by the offset (partial or full) to the bonus stabilisation reserve in the case of smoothed bonus products in South Africa.

The table shows the impacts of applying the sensitivity over the full remaining duration of the policyholder contracts, which would be significantly higher than a single year's change in experience. The results are also shown before allowing for any management actions likely to be applied (e.g. premium rate reviews or changes in discretionary margins), and therefore do not necessarily translate directly into an impact on profits:

Year ended 31 December Rm	Change in assumption percentage	Increase/(decrease) in liabilities	
	2022 and 2021	2022	2021
Assumption			
Increase in mortality and morbidity rates – assurance	10	7 358	7 410
Decrease in mortality rates – annuities (longevity)	(10)	1 206	1 184
Lapse rates	10	(42)	(107)
Expenses (maintenance)	10	1 345	1 241
Valuation discount rate	1	305	272

The calculation of the Group's South African life assurance contract liabilities is sensitive to the discount rate used to value the liabilities. The methodology applied by the Group complies with South African professional actuarial guidance (SAP 104 guidance note), with the reference to the applicable yield curve.

It should be noted that where the assets and liabilities of a product are closely matched (e.g. non-profit annuity business) or where the impact of a lower valuation discount rate is hedged or partially hedged, the net effect has been shown since the asset movement fully or partially offsets the liability movement.

The insurance contract liabilities recorded for South African businesses are also impacted by the valuation discount rates assumed. Lowering this rate by 100bps (with a corresponding reduction in the valuation inflation rate) would have no significant impact on insurance contract liabilities or profit in 2022. There continues to be no significant impact in 2022 due to management actions taken to reduce the impact of changing interest rates on operating profit. This impact is also calculated with no change to the charges paid by policyholders.

This impact is also calculated with no change to the charges paid by policyholders.

Notes to the consolidated financial statements

For the year ended 31 December 2022

G: Analysis of financial and insurance assets and liabilities continued

G2: Insurance and investment contracts continued

(j) Exposure and management of risk arising from insurance contracts continued

Sensitivity analysis – Property and Casualty

(a) Gross best estimate IBNR reserve assumptions

A sensitivity analysis has been performed on some of the material assumptions made in calculating the components of the gross IBNR provision based on the data as at the end of December 2022.

The analysis was concluded for the material insurance contract types including Motor and Property (Commercial division segment only). The IBNR provision is derived by taking into account the way in which historical claims develop to their final settled cost over time. The sensitivity analysis was performed to test the effect of using more or fewer historical years to estimate the IBNR provision. These are set out in the table below.

For the Motor Commercial and Property Commercial contracts, the sensitivity analysis is performed on the weighted averages (i.e. the number historical periods to which the development pattern is based) used for the incurred claims projection. For the Motor Personal contracts the sensitivity analysis is calculated on the weighted averages used for the paid projection.

Year ended 31 December Rm	Increase/(decrease) in profit or loss	
	2022	2021
Motor commercial gross of salvages and recoveries		
Incurred claims projection – using the weighted average of the two most recent years	(2)	(6)
Incurred claims projection – using the weighted average of the three most recent years	-	3
Incurred claims projection – using the weighted average of the four most recent years	-	(3)
Incurred claims projection – using the weighted average of the five most recent years	-	(1)
Motor personal gross of salvages and recoveries		
Incurred claims projection – using the weighted average of the two most recent years	(4)	(10)
Incurred claims projection – using the weighted average of the three most recent years	-	5
Incurred claims projection – using the weighted average of the four most recent years	-	(4)
Incurred claims projection – using the weighted average of the five most recent years	-	5
Property commercial net of salvages and recoveries		
Incurred claims projection – using the weighted average of the two most recent years	-	-
Incurred claims projection – using the weighted average of the three most recent years	2	2
Incurred claims projection – using the weighted average of the four most recent years	-	2
Incurred claims projection – using the weighted average of the five most recent years	(6)	-

(b) Net best estimate business interruption reserve

In the prior year, scenario testing was performed to make provision for the net best estimate business interruption reserve due to uncertainty resulting from lock down in early 2020. However, following legal certainty achieved in late 2020 and into 2021, scenario testing for 2022 is no longer applicable.

(c) Guarantees and options

Some of the insurance contracts issued by the Group contain guarantees and options, the ultimate liability for which will depend significantly on the number of policyholders exercising their options and on market and investment conditions applying at that time.

Certain life assurance contracts include the payment of guaranteed values to policyholders on maturity, death, disability or survival. The published liabilities include the provision for both the intrinsic and time-value of the options and guarantees. The time-value of options and guarantees has been valued using a market-consistent stochastic asset model that is in keeping with the Advisory Practice Notes (APN) issued by the Actuarial Society of South Africa, APN 110 in particular. The options and guarantees that could have a material effect on the amount, timing and uncertainty of future cash flows are described in the following table:

Product category	Description of options and guarantees
Retail	
Death, disability, point and/or maturity guarantees	A closed block of universal life business with an underlying minimum growth rate guarantee (4.25% p.a. for life and endowment business and 4.75% p.a. for retirement annuity business), and smoothed bonus business with vested bonuses, applicable when calculating death, disability and maturity claims.
Guaranteed annuity options	Retirement annuities sold prior to June 1997 contain guaranteed annuity options, whereby the policyholder has an option to exchange the full retirement proceeds for a minimum level of annuity income at maturity.
Corporate	
Vested bonuses in respect of pre-retirement with-profits business	There is a material pre-retirement savings smoothed bonus portfolio. Vested bonuses affect the calculation of benefit payments when a member exits from the scheme as the face value is paid out. If, however, a scheme terminates, the lower of face and market value is paid out and the vested bonuses are not guaranteed.
Guaranteed annuity payments in respect of with-profit annuity business	There is a significant with-profit annuity portfolio. The underlying pricing interest rate is guaranteed and as such the current level of annuity payments (including past declared bonuses) cannot be reduced. If, however, a scheme terminates, the lower of the liability value on the Financial Soundness Valuation basis and the underlying asset market value is paid out.

The following disclosures are provided in terms of APN 110 issued by the Actuarial Society.

Investment guarantee reserves have been calculated using an internal economic scenario generator (ESG) model that generates product specific economic scenarios. These scenarios comprise interest rates, inflation and fund returns. The model is calibrated to South African derivative market data (where available and reliable), according to the Group's specific calibration requirements. The calibration has been performed as at 31 December 2022.

The risk-free zero coupon yield curve has been derived from mid-swap spot rates at the calibration date.

Term (years)	Annualised zero-coupon yield
1	8.0%
2	8.0%
3	8.2%
4	8.3%
5	8.6%
10	9.8%
15	10.1%
20	10.0%
25	9.8%
30	9.7%

Notes to the consolidated financial statements

For the year ended 31 December 2022

G: Analysis of financial and insurance assets and liabilities continued

G2: Insurance and investment contracts continued

(j) Exposure and management of risk arising from insurance contracts continued

Maturity (years)	Strike	Price	Implied volatility
1	Spot	6.4%	21.6%
1	0.8 times spot	2.0%	27.2%
1	Forward	7.9%	20.4%
5	Spot	8.7%	24.2%
5	1.04^5 times spot	15.5%	23.4%
5	Forward	17.2%	23.3%
20	Spot	2.5%	27.0%
20	1.04^20 times spot	11.2%	27.0%
20	Forward	22.1%	27.0%

Description of derivative contract*	Calculated price (% of spot price)
Five-year put with a strike price equal to (1.04)^5 of spot, on an underlying index constructed as 60% FTSE/JSE Top 40 and 40% ALBI, with rebalancing of the underlying index back to these weights taking place yearly.	6.58%
20-year put option based on an interest rate with a strike equal to the present five-year forward rate as at maturity of the put option (stripped from the zero coupon yield curve), which pays out if the five-year interest rate at the time of maturity (in 20 years) is lower than this strike.	0.42%

* Note that the FTE/JSE Top 40 referred to in this section is a capital return index, whereas the ALBI is a total return index.

G3: Borrowed funds

At 31 December 2022 Rm		Mass and Foundation Cluster	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities	Total
Term loans	G3(a)	3 950	–	2 839	–	6 789
Revolving credit facilities	G3(b)	250	–	650	–	900
Subordinated debt securities	G3(c)	–	–	–	9 024	9 024
Total borrowed funds		4 200	–	3 489	9 024	16 713

At 31 December 2021 Rm		Mass and Foundation Cluster	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities	Total
Term loans	G3(a)	5 000	–	2 532	–	7 532
Revolving credit facilities	G3(b)	350	–	650	–	1 000
Subordinated debt securities	G3(c)	–	500	–	8 474	8 974
Total borrowed funds		5 350	500	3 182	8 474	17 506

Included in the amounts shown above are R3 954 million (2021: R2 136 million) that are regarded as current, with the remainder regarded as non-current.

Maturity analysis

The table below provides the maturity profile of the anticipated future cash flows, based on contractual maturity dates for borrowed funds, including interest. It is presented on an undiscounted basis, and will therefore, differ from both the carrying value and fair value of borrowed funds:

At 31 December Rm	2022	2021
Less than one year	3 954	2 136
Greater than one year and less than five years	14 396	14 906
Greater than five years	284	930
Total	18 634	17 972

Analysis of borrowed funds

(a) Term loans

At 31 December Rm	Maturity date	2022	2021
Floating rate loans			
R1.400 million at 3-month JIBAR + 2.05%	June 2024	1 400	1 400
R0.600 million at 3-month JIBAR + 1.90%	December 2023	600	600
R1.050 million at 3-month JIBAR + 2.10%	Repaid	–	1 050
R1.050 million at 3-month JIBAR + 2.20%	July 2023	1 050	1 050
R0.900 million at 3-month JIBAR + 2.22%	January 2024	900	900
KES5.0 billion 182 days treasury bill + 4.1% per annum	February 2024	723	733
US\$10 million 6-month USD LIBOR + 6.75%	October 2024	114	242
US\$18.3 million at 12.2%	October 2024	320	161
US\$40 million LIBOR + 5%	June 2023	982	698
KES1.0 billion at 11.25%	August 2023	118	–
KES900 million rate at 91 days T-Bills + 2%	Repaid	–	14
N\$10.375 million at prime rate 7.25%	Repaid	–	10
US\$11.8 million at LIBOR + 4.5%	January 2028	138	146
KES250 million at 11.25%	February 2023	2	21
MWK4.5 billion at 1.1% above Lombard rate	September 2023	60	79
US\$5 million at 6-month LIBOR + 6%	June 2023	6	16
US\$5 million at 6-month LIBOR + 6.5%	June 2023	6	16
Fixed rate loans			
USD17.720 million at 4.103%	February 2028	305	284
KES200 million at 5.00%	Repaid	–	6
US\$5 million at 13.19%	Repaid	–	5
US\$6 million at 9.50%	June 2024	45	64
US\$9.6 million at 12.37%	December 2023	20	37
Total term loans		6 789	7 532

(b) Revolving credit facilities

At 31 December Rm	Maturity date	2022	2021
N\$800 million at prime overdraft rate less 1.00%	April 2024	650	650
R1 000 million facility at 3-month JIBAR + 2.15%	July 2023	250	350
Total revolving credit facilities utilised		900	1 000

The Group has access to a R1 000 million revolving credit facility which matures in July 2023. At 31 December 2022, R250 million was drawn (2021: R350 million).

The Group has access to a revolving credit facility from Stanbic of KES1 000 million (2021: Not active). At 31 December 2022, this facility was undrawn (2021: undrawn).

The Group has access to an unsecured revolving credit facility from Standard Bank Namibia Limited of N\$800 million (2021: N\$800 million). At 31 December 2022, N\$650 million was drawn (2021: N\$650 million).

Notes to the consolidated financial statements

For the year ended 31 December 2022

G: Analysis of financial and insurance assets and liabilities continued

G3: Borrowed funds continued

(c) Subordinated debt securities

At 31 December Rm	Tier	Maturity date	2022	2021
Non-banking				
R1 500 million with a spread of 1.54% above 3-month JIBAR	Tier 2	September 2026	1 506	1 500
R500 million at 3-month JIBAR + 1.55% ¹	Tier 2	October 2027	500	–
R1 110 million at 3-month JIBAR + 1.55% ¹	Tier 2	June 2027	1 110	–
R409 million at 10.32% ¹	Tier 2	Repaid	–	413
R568 million at 10.90% ¹	Tier 2	Repaid	–	586
R2 000 million at 3-month JIBAR + 1.55%	Tier 2	June 2024	2 010	1 999
R1 150 million at 10.96%	Tier 2	March 2025	1 208	1 268
R623 million at 11.35%	Tier 2	September 2025	660	683
R2 000 million at 3-month JIBAR + 1.93%	Tier 2	November 2025	2 030	2 025
R500 million at 3-month JIBAR + 2.09% until Nov 2022 and 3-month JIBAR + 3.14% until Nov 2027 ¹	Tier 2	Repaid	–	500
Total subordinated debt securities			9 024	8 974

¹ On 28 October 2022 and 23 June 2022, Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) issued a R500 million and R1.1 billion floating rate subordinated debt instrument under the R25 billion Multi-Issuer Note Programme. The subordinated note is guaranteed by Old Mutual Limited and has a coupon rate of 3-month Johannesburg Interbank Average Rate (JIBAR) plus 155bps, payable quarterly in arrears. The maturity date of this instrument is 27 October 2027 and 23 June 2027. Instruments totalling R977 million were redeemed by OMLACSA in 2022. In 2022 Old Mutual Insure redeemed R500 million.

(d) Reconciliation of borrowed funds arising from financing activities

Year ended 31 December Rm	2022	2021 ¹
Balance at the beginning of the year	17 506	17 335
Changes from financing cash flows	(123)	(497)
Proceeds from issue of new borrowed funds	3 404	3 452
Proceeds from issue of term loans	1 533	1 582
Proceeds from issue of revolving credit facilities	250	350
Proceeds from issue of subordinated debt securities	1 621	1 520
Redemption of borrowed funds	(2 960)	(3 443)
Redemption of term loans	(1 124)	(3 017)
Redemption of revolving credit facilities	(350)	–
Redemption of subordinated debt securities	(1 486)	(426)
Interest paid	(567)	(506)
Non-cash changes	(670)	668
Fair value changes	(125)	(177)
Effect of changes in foreign exchange rates	(1 201)	311
Accrued interest	656	534
Balance at the end of the year	16 713	17 506

¹ As part of the Group's enhanced disclosure efforts, the reconciliation above now includes the total borrowed funds balance which cross reference to the financing activities of the consolidated statement of cash flows. Previously only subordinated funds were included.

Breaches of covenants

As at 31 December 2022, the financial covenants on five existing loans were in breach. The funding was raised to support operations in the Old Mutual Africa Regions segment.

The loans in breach totalled R553 million (US\$32.5 million) (2021: R130 million (US\$8 million)). Waivers for three of the breached loans were received and the Group is still in negotiation with the remaining lenders, which equals a debt value R187 million (2021: R64 million), to either amend the breached covenants or to provide formal waivers. The lenders of these breached loans have the right to call the outstanding amounts at any time. At 31 December 2022, none of these breached loans have been called on.

The breaches of the covenants by the individual businesses do not impact the Group's ability to obtain additional funding.

G4: Amounts owed to bank depositors

In the banking businesses, the Group receives cash from bank depositors. The depositors receive interest on the amounts owed depending on the value of the amount borrowed and the terms of the deposit.

The table below provides the maturity profile of the anticipated future cash flows, based on contractual maturity dates for amounts owed to bank depositors, including interest. It is presented on an undiscounted basis, and will therefore, differ from the carrying amount of amounts owed to bank depositors:

At 31 December 2022 Rm	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	Total
Savings deposits	691	259	–	1	431	691
Other deposits and loan accounts	1 798	702	1 046	50	–	1 798
Negotiable certificates of deposit	2 217	2 185	32	–	–	2 217
Amounts owed to bank depositors	4 706	3 146	1 078	51	431	4 706

At 31 December 2021 Rm	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	Total
Savings deposits	609	31	–	130	448	609
Other deposits and loan accounts	2 574	907	1 584	83	–	2 574
Negotiable certificates of deposit	2 722	2 645	159	–	–	2 804
Amounts owed to bank depositors	5 905	3 583	1 743	213	448	5 987

H: Non-financial assets and liabilities

H1: Goodwill and other intangible assets

Goodwill arises on the acquisition of a business and represents the premium of the amount paid over the fair value of identifiable assets and liabilities. Other intangible assets include those assets which were initially recognised on a business combination and software development costs related to amounts recognised for in-house systems development.

(a) Goodwill and goodwill impairment

Goodwill arising on the acquisition of a subsidiary undertaking is recognised as an asset at the date that control is achieved (the acquisition date). Goodwill is measured as the excess of, the aggregate of (i) the consideration transferred, (ii) the amount of any non-controlling interest in the acquiree, and (iii) if the business combination is achieved in stages, the acquisition date fair value of the acquirers previously held equity interest, over the net of the acquisition amounts of the identifiable assets acquired and the liabilities assumed. If the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any), this excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairments at least once annually. Any impairment losses are recognised immediately in other operating and administrative expenses in profit or loss and are not subsequently reversed.

On loss of control of a subsidiary undertaking, any attributable goodwill is included in the determination of any profit or loss on disposal. On disposal of a business, where goodwill on acquisition is allocated to the entire cash-generating unit (CGU), goodwill is allocated to the disposal on a relative basis.

Goodwill is allocated to one or more CGUs, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Each unit or group of units to which goodwill is been allocated is not larger than an operating segment as defined by IFRS 8.5 before aggregation.

Notes to the consolidated financial statements

For the year ended 31 December 2022

H: Non-financial assets and liabilities continued

H1: Goodwill and other intangible assets continued

(b) Other intangible assets acquired as part of a business combination

Contractual banking and asset management customer relationships, relationships with distribution channels and similar intangible assets, acquired as a part of a business combination, are capitalised at their fair value, represented by the estimated net present value of the future cash flows from the relevant relationships acquired at the date of acquisition.

Brands and similar items acquired as part of a business combination are capitalised at their fair value based on a 'relief from royalty' valuation methodology.

Subsequent to initial recognition such acquired intangible assets are amortised on a straight-line basis over their estimated useful lives as set out below:

» Distribution channels	10 years
» Customer relationships	10 years
» Brands	15 – 20 years

The estimated useful life is re-evaluated at each reporting period.

Other intangible assets acquired in a business combination are impaired if the carrying value is greater than the net recoverable amount. The net recoverable amount is measured using the higher of the fair value less costs to sell and the value-in-use. Value-in-use is the present value of projected cash flows covering the remaining useful life of the asset. An impairment loss is recognised in profit or loss immediately.

(c) Internally developed software

Internally developed software (software) is amortised over its estimated useful life, where applicable. Such assets are stated at cost less accumulated amortisation and impairment losses. Software is recognised in the consolidated statement of financial position if, and only if, it is probable that the relevant future economic benefits attributable to the software will flow to the Group and its cost can be measured reliably.

Costs incurred in the research phase are expensed in profit or loss whereas costs incurred in the development phase are capitalised when the requirements of IAS 38 relating to the recognition of internally generated assets have been met.

The main criteria being that future economic benefits can be identified as a result of the development expenditure.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the relevant software, which range between two and fifteen years, depending on the nature and use of the software. This excludes capitalised software that has not been brought into use yet.

(d) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(e) Analysis of goodwill and other intangible assets

The following table analyses the movements in cost, amortisation and impairment of goodwill and other intangible assets for the year ended 31 December 2022 and the year ended 31 December 2021:

Rm	Goodwill	Present value of acquired in-force business ¹	Software development costs	Other intangible assets	Total
Cost					
Balance at 1 January 2021	6 415	256	5 786	1 429	13 886
Additions	–	–	975	2	977
Disposals or retirements	–	–	(97)	–	(97)
Foreign exchange and other movements	142	–	(45)	92	189
Balance at 31 December 2021	6 557	256	6 619	1 523	14 955
Acquisitions through business combinations ²	303	–	–	192	495
Additions	–	–	1 083	4	1 087
Disposals or retirements	–	(256)	(47)	(3)	(306)
Foreign exchange and other movements	(68)	–	(112)	(9)	(189)
Balance at 31 December 2022	6 792	–	7 543	1 707	16 042
Amortisation and impairment losses					
Balance at 1 January 2021	4 807	256	1 711	1 187	7 961
Amortisation charge for the year	–	–	453	18	471
Impairment losses	204	–	–	–	204
Disposals or retirements	–	–	(79)	–	(79)
Foreign exchange and other movements	142	–	8	14	164
Balance at 31 December 2021	5 153	256	2 093	1 219	8 721
Amortisation charge for the year	–	–	627	15	642
Impairment losses	–	–	4	179	183
Disposals or retirements	–	(256)	(45)	(3)	(304)
Foreign exchange and other movements	(68)	–	(59)	(7)	(134)
Balance at 31 December 2022	5 085	–	2 620	1 403	9 108
Net carrying value at:					
31 December 2021	1 404	–	4 526	304	6 234
31 December 2022	1 707	–	4 923	304	6 934

¹ The intangible asset, present value of acquired in-force business, is fully amortised and have been retired in the current year.
² Refer to Note 37 for more information on acquisitions.

(f) Allocation of goodwill to cash-generating units

The carrying amount of goodwill relates to the following cash-generating units (CGUs):

At 31 December	2022	2021
Rm		
Old Mutual Namibia	59	59
Old Mutual Insure	373	70
Old Mutual Finance	385	385
Old Mutual Wealth	169	169
Old Mutual Investments	655	655
Old Mutual Corporate	66	66
Goodwill, net of impairment losses	1 707	1 404

Notes to the consolidated financial statements

For the year ended 31 December 2022

H: Non-financial assets and liabilities continued

H1: Goodwill and other intangible assets continued

Critical accounting estimates and judgements – Goodwill and intangible assets

(g) Annual impairment testing of goodwill

In accordance with the requirements of IAS 36 *Impairment of Assets*, goodwill is tested annually for impairment for each cash-generating unit (CGU), by comparing the carrying amount of each CGU to its recoverable amount, being the higher of that CGU's value in use or fair value less costs to sell. The appropriateness of the CGUs is evaluated on an annual basis. An impairment charge is recognised when the recoverable amount is less than the carrying value.

Determination of CGUs

The Group's CGUs for impairment testing have been determined as the individual countries for the South African and Namibian businesses, with the South African CGU further allocated into the underlying businesses. The South African CGU is further allocated into CGUs being Old Mutual Finance, Old Mutual Real Estate Holding Company (OMREHC), Old Mutual Wealth, Old Mutual Investments, Old Mutual Insure and Old Mutual Corporate. In the Old Mutual Investments CGU, goodwill impairment testing has been performed at the same level that the goodwill arose in Old Mutual Investment Group, namely on the acquisitions of African Infrastructure Investment Managers (AIIM), Futuregrowth Asset Management and Marriott Asset Management. This is consistent with the way that management monitors these goodwill balances. At 31 December 2022, based on the Group's operating model it was concluded that the basis of CGUs continues to remain appropriate.

Value in Use model and key assumptions used

In the performance of goodwill impairment testing, the Group's CGUs mostly used discounted cash flow models for a period of three to five years, with a terminal value thereafter. This incorporates planned business performance, long-term growth rates and a with a risk-adjusted discounted rate reflecting cost of equity as appropriate for the CGU.

The rate specific to the CGU is derived using the overall OML Group Cost of Equity. The OML Group Cost of Equity (CoE) is calibrated using a derivation of the conventional Capital Asset Pricing Model (CAPM). The rationale for choosing this methodology is to avoid the high degree of subjectivity present in other CoE approaches. This entails calibrating the risk-free rate and risk premium:

- » The risk-free rate is calculated based on historic government bond yields.
- » The risk premium is calculated as the beta on the OML share (OML return relative to the equity market) multiplied by the historic market risk premium.

To calculate the discount rate applicable to the CGU, the OML risk premium is risk and term adjusted using an internal risk measure to reflect the risk inherent in the CGU relative to the overall Group and the expected term of the asset. In addition, if the CGU is based outside of South Africa, the risk-free rate is calibrated using the historic government bond yield applicable in the relevant country.

The discount rates used in these calculations range from 12.5% to 18.5% at 31 December 2022.

The long-term growth rate assumptions used in the impairment calculations range from 5% to 7% at 31 December 2022.

There have been no significant changes in the assumptions used. Management has further performed stress testing, the results of which have been considered when determining the final impairment losses/reversals to be processed.

Impairment losses recognised during the year ended 31 December 2022

No impairment losses were recognised against goodwill during 2022.

Where an impairment loss has been recognised, the recoverable amount is disclosed in Note H1(f) above.

The remaining year-end goodwill impairment reviews indicated that there is sufficient headroom to maintain these balances, with no additional impairments required to be recognised.

Sensitivities and headroom analysis

Sensitivity tests were performed on inputs in the underlying impairment tests, for example by applying a 1% increase in the discount rate and a 10% decrease in the cash flows. The outcomes of these sensitivity tests supported that there is sufficient headroom to maintain goodwill balances, and no additional impairments were required to be recognised.

H2: Fixed assets

(a) Property, plant and equipment

Buildings that are owner-occupied are recorded at fair value. Owner-occupied properties are valued as at 31 December each year by external professional valuers. Fair value is determined by reference to market-based evidence. For each business, the valuation methodology adopted is dependent upon the nature of the property. Income generating assets are valued using discounted cash flows and vacant land and property are valued according to sales of comparable properties.

Increases or decreases in the carrying amount are taken to other comprehensive income and presented in a revaluation reserve in equity.

The revaluation reserve will be released in equity when the asset is sold.

The Group assesses and adjusts (if required) the useful life, residual value and depreciation method for property and equipment on an annual basis.

Plant and equipment, principally computer equipment, motor vehicles, fixtures and fittings are stated at cost less accumulated depreciation and impairment losses. The maximum estimated useful life ranges from three to ten years.

Leased assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. Contracts where the service provider has a substantive right to substitute the asset for an alternative asset during the lease term is not regarded as a lease, but instead a service contract. Accordingly, these contracts are not accounted for in accordance with IFRS 16. The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

Category	Valuation model	Measurement
Land	Revaluation model	» Land is stated at revalued amounts and is not depreciated.
Buildings	Revaluation model	<ul style="list-style-type: none"> » Stated at revalued amounts. Depreciated over a period of 50 years using the straight-line method. » Revaluation gains and losses on owner-occupied property are recognised in the consolidated statement of comprehensive income. Losses that offset previous gains in respect of the same asset are charged against the property revaluation reserve, and all other losses are charged to the income statement as an impairment. » On revaluation any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the property concerned and the net amount restated to the revalued amount. » On derecognition, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss in the period the asset is derecognised.
Leased assets	Cost model	<ul style="list-style-type: none"> » The Lease Term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both: <ul style="list-style-type: none"> • Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and • Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. » If the lease transfers ownership of the underlying assets to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee will depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Notes to the consolidated financial statements

For the year ended 31 December 2022

H: Non-financial assets and liabilities continued

H2: Fixed assets continued

(a) Property, plant and equipment continued

Category	Valuation model	Measurement
Lease liability (Group as lessee)	Amortised cost	<p>The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:</p> <ul style="list-style-type: none"> » Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; » Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; » The amount expected to be payable by the lessee under residual value guarantees; » The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and » Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. <p>The lease liability is included in Trade, other payables and other liabilities line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:</p> <ul style="list-style-type: none"> » The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate. » The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used). » A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. <p>The Group did not make any such adjustments during the periods presented.</p>

Property, plant and equipment owned by the Group

The following tables analyses land, buildings, plant and equipment and buildings leased by the Group.

Rm	Land	Buildings	Plant and equipment	Total	Leased buildings	Total
Gross carrying amount						
Balance at 1 January 2021	590	6 760	3 891	11 241	1 557	12 798
Additions	–	28	475	503	291	794
Increase arising from revaluation	24	361	7	392	–	392
Reclassification within property, plant and equipment	3	(3)	–	–	–	–
Disposals	–	(4)	(176)	(180)	(136)	(316)
Foreign exchange and other movements	63	(34)	(59)	(30)	19	(11)
Balance at 31 December 2021	680	7 108	4 138	11 926	1 731	13 657
Additions	–	254	531	785	355	1 140
Additions from business combinations	–	87	48	135	28	163
Increase arising from revaluation	214	650	–	864	–	864
Transfer to investment property	(2)	(678)	–	(680)	–	(680)
Disposals	–	(55)	(82)	(137)	(387)	(524)
Foreign exchange and other movements	(151)	(670)	(367)	(1 188)	(5)	(1 193)
Balance at 31 December 2022	741	6 696	4 268	11 705	1 722	13 427
Accumulated depreciation and impairment losses						
Balance at 1 January 2021	–	359	2 707	3 066	780	3 846
Depreciation charge for the year	6	104	451	561	399	960
Impairments ¹	–	139	–	139	–	139
Disposals	(6)	(3)	(101)	(110)	(111)	(221)
Foreign exchange and other movements	–	(36)	(171)	(207)	(15)	(222)
Balance at 31 December 2021	–	563	2 886	3 449	1 053	4 502
Additions through business combinations	–	–	12	12	19	31
Depreciation charge for the period	–	59	462	521	386	907
Impairments ¹	–	402	–	402	–	402
Disposals	–	–	(271)	(271)	(317)	(588)
Foreign exchange and other movements	–	(36)	(37)	(73)	(29)	(102)
Balance at 31 December 2022	–	988	3 052	4 040	1 112	5 152
Net carrying amount at:						
31 December 2021	680	6 545	1 252	8 477	678	9 155
31 December 2022	741	5 708	1 216	7 665	610	8 275

¹ The R402 million impairment loss recognised in 2022 relates to a R558 million impairment of Mutual Park in Cape Town and a reversal of impairment of R156 million on 1 Mutual Place in Sandton. The decrease in valuation of Mutual Park was due to decreased occupancy rate and below market rental income streams as a result of the COVID-19 pandemic. The decrease resulted in the fair value dropping below the depreciated cost of the property and therefore as per IAS 16, the loss is recognised in the income statement as an impairment loss. The impairment previously recognised in 2021 on 1 Mutual Place was reversed in the current year because of improved occupancy rate resulting in a higher valuation. The R139 million impairment loss in 2021 relates to the owner-occupied property, 1 Mutual Place, which is a staff office in Sandton. The revaluation model is applied to the property as per Group policy and the benchmark used to revalue is the market value of the surrounding properties in Sandton. The attractiveness of office space in Sandton decreased due to COVID-19 impacts which led to a decrease in the fair value of 1 Mutual Place in the current year. The decrease resulted in the fair value dropping below the cost of the property and therefore as per IAS 16, the loss is recognised in the income statement as an impairment loss.

Both the Mutual Park and 1 Mutual Place buildings are in the Other Group Activities segment.

Notes to the consolidated financial statements

For the year ended 31 December 2022

H: Non-financial assets and liabilities continued

H2: Fixed assets continued

(a) Property, plant and equipment continued

(i) Property, plant and equipment

The carrying value of owner-occupied property leased to third parties included in the above is R78 million (2021: R80 million) and comprises land of RNil (2021: RNil) and buildings of R78 million (2021: R80 million). The value of owner-occupied property pledged as security is R449 million (2021: R577 million). For the year ended 31 December 2022, the Group made revaluation gains of R214 million on land (2021: R24 million) and R650 million (2021: R361 million) on buildings.

The carrying value that would have been recognised had the land and buildings been carried under the historic cost model would be R48 million (2021: R48 million) and R404 million (2021: R417 million) respectively.

The carrying value that would have been recognised had the leased assets been carried under the historic cost model would be R622 million (2021: R681 million).

Property, plant and equipment are classified as Level 3 in terms of the fair value hierarchy. Level 3 fair value measurements are those that include the use of significant unobservable inputs. The significant non-observable inputs used in the valuations are the expected rental values per square meter and the capitalisation rates. Details of the valuation techniques and ranges of estimates for unobservable inputs are disclosed in note H2(c).

The fair value of the owner-occupied properties valuation would increase (decrease) if the expected rental values per square meter were to be higher (lower) and the capitalisation rates were to be lower (higher).

(ii) Leases as lessee

Year ended 31 December Rm	2022	2021
Amounts recognised in profit or loss		
Finance expense on lease liabilities	118	111
Lease expenses relating to short-term leases	41	67
Lease expenses relating to low-value leases	96	62
Amounts recognised in statement of cash flows		
Total cash outflow on repayment of leases	506	531
Total cash outflows on interest paid on leases	118	111

Analysis of lease costs

The following table sets out the maturity analysis of undiscounted outstanding commitments under non-cancellable leases:

At 31 December Rm	2022	2021
Within one year	357	291
Greater than 1 year and less than 5 years	793	697
After five years	74	7
	1 224	995

(iii) Lease renewal options

Some leases of office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

At 31 December 2022 Rm	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	777	-
	777	-

At 31 December 2021 Rm	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	847	-
	847	-

(b) Investment property

Classification

Investment properties are held to earn rentals or for capital appreciation or both and are not significantly occupied by the Group or any of its subsidiaries. Certain investment properties are matched to policyholder liabilities.

Measurement

Investment properties are measured at fair value as determined by a registered independent valuer at least every three years, and annually by locally qualified staff, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

For practical reasons, valuations are carried out on a cyclical basis over a 12-month period due to the large number of properties involved. In the event of a material change in market and property specific conditions between the valuation date and reporting date an internal valuation is performed and adjustments made to reflect any material changes in value.

Surpluses and deficits arising from changes in fair value and rental income are reflected as investment income in investment return in the income statement, as appropriate.

Fair value hierarchy of the Group's properties

The fair values of the Group's investment properties are categorised into Level 3 of the fair value hierarchy. The following table reconciles the fair value measurements of Group's investment properties:

Year ended 31 December Rm	2022 Owned by the Group	2021 Owned by the Group
Balance at beginning of the year	38 672	33 606
Additions ¹	1 850	3 633
Disposals	(60)	(1)
Net gain/(loss) from fair value adjustments	6 814	2 139
Transferred from property, plant and equipment	680	-
Foreign exchange and other movements	(5 575)	(458)
Transfer (to)/from assets held for sale and distribution	149	(247)
Balance at end of the year	42 530	38 672

¹ Assets to the value of R476 million (2021: R3.3 billion) have been reclassified to investment property from investment and securities due to the group looking through certain investments deemed to be controlled during the current year.

All of the Group's investment properties are located in Africa, Romania and Bulgaria and are principally held within the policyholder funds.

Notes to the consolidated financial statements

For the year ended 31 December 2022

H: Non-financial assets and liabilities continued

H2: Fixed assets continued

(b) Investment property continued

Impact of civil unrest in South Africa

During the civil unrest that erupted in KwaZulu-Natal in July 2021, five investment properties in the Old Mutual Real Estate Holding Company portfolio were damaged. The total estimated repair costs were R747 million. The Group's SASRIA insurance cover was sufficient to cover the claim.

The value of freehold and leasehold properties are as follows:

Year ended 31 December Rm	2022	2021
Freehold	41 308	39 264
Leasehold	1 222	658
	42 530	39 922

Amounts recognised in profit or loss for investment properties

The following table analyses the amounts recognised in profit or loss for investment properties owned, right of use assets and investment properties subject to lease:

Year ended 31 December Rm	2022	2021
Rental income from investment property	3 214	3 597
Direct operating expense arising from investment property that generated rental income	(1 420)	(713)

(c) Fair value hierarchy of the Group's property

The fair value of the Group's properties is categorised into Level 3 of the fair value hierarchy.

Overall, there has been an increase in the property assets balance. This was largely attributable to additions and fair value gains in the current financial year.

The South Africa property portfolio accounts for 65.2% (Dec 2021: 60.4%) of total property assets and is predominantly exposed to the retail property sector.

Unobservable inputs are inputs for which there is no market data available. They are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The table below sets out information about significant unobservable inputs used at the end of the period in measuring investment and owner-occupied properties categorised at level 3:

The information in the table below discloses the significant unobservable inputs used at year end in measuring investment and owner-occupied properties categorised at level 3:

Type of property	Valuation approach	Key unobservable inputs	Range of estimates for unobservable inputs
Income-generating assets – office/retail/ industrial properties and owner-occupied properties	Valued using the internationally and locally recognised Discounted Cash Flow (DCF) method. A minimum of five years (if required for specific leases, a longer period is used) of net income is discounted at a market-related rate, together with the present value of the capitalised net income in year six. Net income is determined by considering gross income, vacancies and lease obligations from which all normalised operating expenditure is deducted. The discount rate is determined with reference to the current market conditions and is constantly monitored by reference to comparable market transactions.	Valuation capitalisation and discount rates are based on industry guidelines predominantly from South African Property Owners Association (SAPOA) and Investment Property Databank (IPD) as well as comparison to listed property funds in South Africa. For properties in Bulgaria and Romania, valuation yields and discount rates are based on industry guidelines from the Bulgarian National Statistics Institute and Association of Authorised Romanian Valuers (ANEVAR) respectively. Where market rentals are used, these are based on the valuers' assumptions and information they have based on similar valuations they have done or sourced from external brokers. Vacancy rates are based on property specific data.	<p>South African properties</p> <p>Office Capitalisation rates: 8.25% (2021: 8.25%) Discount rates: 12.75% (2021: 12.75%) Market rentals: R270 per m² (2021: R90 to R190 per m²) Vacancy rates: 0.0% (2021: 0.0%)</p> <p>Retail Capitalisation rates: 6.75% to 10% (2021: 6.75% to 11.0%) Discount rates: 12.75% to 15.5% (2021: 11.25% to 16.75%) Market rentals: R58.51 to R287.84 per m² (2021: R33.66 to R2 691.26 per m²) Vacancy rates: 0.0% to 9.84% (2021: 0.0% to 15.5%)</p> <p>Industrial Capitalisation rates: 8.5% to 11.0% (2021: 8.75% to 11.0%) Discount rates: 13.25% to 15% (2021: 13.25% to 15.0%) Market rentals: R33.71 to R77.58 per m² (2021: R29.75 to R71.28 per m²) Vacancy rates 0% to 6.60% (2021: 0.0% to 18.3%)</p> <p>Bulgarian properties</p> <p>Office Capitalisation rates: 7.4% to 7.6% (2021: 7.4% to 7.6%) Discount rates: 10.9% to 11.1% (2021: 9.25% to 9.45%) Market rentals: EUR 11 to EUR 16 per m² (2021: EUR 10.84 to EUR 15.14 per m²) Vacancy rates: 2.5% to 2.75% (2021: 2.5% to 2.75%)</p> <p>Romanian properties</p> <p>Office Discount rates: 8.9% (2021: 8.35% to 8.4%) Market rentals: EUR 15 per m² (2021: EUR 15.0 per m²) Vacancy rates: 2.5% (2021: 2.5%)</p> <p>East Africa</p> <p>Office Capitalisation rates: 8% to 12.3% (2021: 7.92% to 8.92%) Discount rates: 11.75% to 15% (2021: 12.92% to 14.92%) Market rentals: USD 8.5 to USD 35 per m² (2021: USD 8.56 to USD 9.51 per m²)</p> <p>Zimbabwe properties Capitalisation rates: 6.3% to 9.5% (2021: 4.55% to 8.00%) Market rentals: ZWL\$3500 to ZWL\$7600 per m² (2021: ZWL\$104 to ZWL\$2 148 per m²) Vacancy rates: 19.7% (2021: 10%)</p>

Notes to the consolidated financial statements

For the year ended 31 December 2022

H: Non-financial assets and liabilities continued

H2: Fixed assets continued

(c) Fair value hierarchy of the Group's property continued

Type of property	Valuation approach	Key unobservable inputs	Range of estimates for unobservable inputs
Land (South Africa)	Valued according to the existing zoning and town planning scheme at the date of valuation. However, there are cases where exceptional circumstances need to be considered.	The land per m ² and bulk per m ² are based on comparable sales and zoning conditions. Discount rates are based on industry guidelines predominantly from SAPOA and IPD as well as comparison to listed property funds in South Africa.	Land per m ² : R100 to R250 (2021: R144 to R511)
Near vacant properties	Land value less the estimated cost of demolition	Recent sales of land in the area and local government valuation rolls adjusted for estimated cost of demolition.	Land value per m ² : R75 to R250 (2021: R75 to R733)

(d) Sensitivity analysis

The table below indicates the sensitivity of the aggregate property market values for a movement in discount and capitalisation rates and market rentals:

Year ended 31 December Rm	2022	2021
An increase of 1% in discount rates would decrease the fair value by:	(1 186)	(1 632)
A decrease of 1% in discount rates would increase the fair value by:	1 266	1 810
An increase of 1% in capitalisation rates would decrease the fair value by:	(3 136)	(2 869)
A decrease of 1% in capitalisation rates would increase the fair value by:	3 626	3 781
An increase of 10% in market rentals per m ² would increase the fair value by:	3 066	2 818
A decrease of 10% in market rentals per m ² would decrease the fair value by:	(3 005)	(2 842)

(e) Lease arrangements (with the Group as lessor)

Investment property comprises a portfolio of retail, commercial and industrial properties that are leased to third parties. These are classified as leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. Each lease has a defined lease period and financial terms. Renewal negotiations with tenants commence prior to expiry of their current lease agreement. Lease periods vary and are dependent on the tenant and property type. Contingent rents charged are immaterial. During the year ended 31 December 2022, rental concessions of R9 million (2021: R110 million) were provided to tenants of the South African property portfolio.

At 31 December Rm	2022	2021
Total future minimum lease receivables under leases		
Within one year	2 457	1 858
Greater than 1 year and less than 5 years	5 087	3 634
After five years	1 549	1 320
	9 093	6 812

H3: Deferred acquisition costs

Deferred acquisition costs relate to costs that the Group incurred to obtain new business. These acquisition costs are capitalised in the statement of financial position and are amortised in profit or loss over the life of the contracts.

The following table analyses the movements in deferred acquisition costs relating to insurance contracts.

Year ended 31 December Rm	Insurance contracts
Balance at 1 January 2021	362
New business	91
Amortisation	(54)
Foreign exchange and other movements	6
Balance at 31 December 2021	405
New business	157
Amortisation	(108)
Foreign exchange and other movements	1
Balance at 31 December 2022	455

Based on the maturity profile of the above insurance contracts, R455 million (2021: R405 million) is recoverable within 12 months from the reporting date.

Refer to Note D8(b) for deferred acquisition costs relating to investment and asset management contracts.

H4: Trade, other receivables and other assets

At 31 December Rm	2022	2021
Debtors arising from direct insurance operations		
Amounts owed by policyholders	2 794	2 470
Amounts owed by intermediaries	592	574
Other	399	310
	3 785	3 354
Debtors arising from reinsurance operations	2 320	2 756
Outstanding settlements	17 466	3 201
Other receivables	3 265	3 497
Accrued interest and rent	3 989	3 981
Prepayments and accrued income	1 249	836
Other assets	3 805	5 177
Total trade, other receivables and other assets	35 879	22 802

Outstanding settlements represents trades undertaken by the various funds controlled by the Group, but not yet processed at year end. These trades are usually executed on a T + 2 timeline

The trade, other receivables and other assets is presented net of expected credit losses. Refer to Note F1 for further details.

Based on the maturity profile of the above assets, R34 538 million (2021: R22 197 million) is recoverable within 12 months from the reporting date. R1 341 million (2021: R605 million) is non-current.

Notes to the consolidated financial statements

For the year ended 31 December 2022

H: Non-financial assets and liabilities continued

H5: Provisions

Rm	Compensation provisions	Restructuring provisions	Surplus property	Provision for donations	Other	Total
Balance at 31 December 2021	311	2	4	1 053	397	1 767
Unused amounts reversed	-	-	-	-	-	-
Charge to profit or loss	4	-	-	-	856	860
Utilised during the year	(35)	-	(4)	(137)	(945)	(1 121)
Transfer to other liabilities	-	-	-	-	113	113
Other movements	-	(2)	-	-	132	130
Balance at 31 December 2022	280	-	-	916	553	1 749

Analysis of provisions

Compensation provisions at 31 December 2022 comprise:

- » R140 million (2021: R136 million) relating to regulatory uncertainty.
- » R50 million (2021: R52 million) multiple causal events.
- » R90 million (2021: R123 million) relates to the provision for claw-back of prescribed claims. This provision is held to allow for the probable future payment of claims that have been previously reversed. Due to the nature of the provision, the timing of the expected cash outflows is uncertain. Estimates of this provision are reviewed annually and are adjusted as and when new circumstances arise.

Of the total compensation provisions, R280 million (2021: R311 million) is estimated to be payable after 12 months from the reporting date.

Surplus property provisions

Surplus property provisions relate to the onerous costs of vacant properties leased by the Group. A provision of RNil has been raised in the current year (2021: R4 million). The remaining R4 million was utilised in the current year.

Restructuring provisions

The restructuring provisions relates to Old Mutual plc and Old Mutual Bermuda in respect of redundancy costs expected to be incurred in the winding down of these operations. Old Mutual plc utilised RNil (2021: R6 million) and Old Mutual Bermuda utilised R2 million (2021: R1 million) in the current year.

Provisions for donations

The provision for donations is held predominantly in respect of commitments made by the South African business to the future funding of charitable donations. The funds were made available on the closure of the Group's unclaimed shares trusts which were set up as part of the demutualisation in 1999 and closed in 2006. All of this is regarded to be payable after more than one year due to the long-term nature of the agreements in place.

Other provisions

Other provisions include amounts for the resolution of legal uncertainties and the settlement of other claims raised by contracting parties. Based on the maturity profile of other provisions, the total balance is estimated to be payable within 12 months from the reporting date.

Material, provisions and accruals are discounted at discount rates specific to the risks inherent in the liability. The timing and final amounts of payments in respect of provisions, particularly those in respect of litigation claims and similar actions against the Group, are uncertain and could result in adjustments to the amounts recorded.

The effects of discounting for all provisions are immaterial.

H6: Contract liabilities

Contract liabilities relates to initial fees received for the future provision of services that the Group will render on investment management contracts. These fees are recognised as a liability in the consolidated statement of financial position and are amortised in profit or loss over the expected life of the contracts. The table below analyses the movements in contract liabilities.

Year ended 31 December Rm	2022	2021
Balance at 1 January	1 272	662
Amount reallocated from other liabilities	-	618
Fees and commission income deferred	222	143
Revenue recognised during the year	(129)	(106)
Acquisition of subsidiaries	3	-
Restatements due to hyperinflation	10	(146)
Foreign exchange and other movements	(23)	101
Balance at 31 December	1 355	1 272

Based on the maturity profile of the contract liabilities, R302 million (2021: 408 million) will be earned within 12 months from the reporting date. R1 053 million (2021: R864 million) as non-current.

H7: Deferred tax assets and liabilities

Deferred income taxes are calculated on all temporary differences at the tax rate applicable to the jurisdiction in which the temporary differences arise.

(a) Deferred tax assets

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, where on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be deducted.

The movement on the deferred tax assets account is as follows:

At 31 December Rm	2022	2021
Deferred tax asset		
Tax losses carried forward ¹	1 090	1 502
Accelerated capital allowances	12	8
Policyholder tax	7	15
Other temporary differences ²	1 100	1 229
Netted against liabilities ³	(298)	(299)
Total	1 911	2 455

¹ In general, 73% of the carried forward tax losses have arisen in South Africa and 27% in Old Mutual Africa Regions. A significant portion of the carried forward tax losses (R546 million) relate to transfer losses incurred between policyholder and shareholder funds within OMLACSA. This is mainly due to COVID-19 provisions raised in prior reporting periods. These losses have been partially used in 2022. Further, deferred tax assets have been recognised in respect of cumulative tax losses amounting to R249 million by Old Mutual Holdings plc, R109 million by Adviceworks Proprietary Limited and R92 million by Old Mutual Specialised Finance Proprietary Limited on the basis that the entities have been able to demonstrate future profitability thus demonstrating the recoverability of the deferred tax asset against future taxable profits. Management has interrogated the business cases for all entities for which assets have been raised and are confident that these entities will generate sufficient future taxable profits against which these losses will be utilised.

² Provisions make up the largest component of other temporary differences R607 million (2021: R763 million).

³ Amounts 'netted against liabilities' are other taxable temporary differences set off against deferred tax assets for Group reporting purposes.

The amounts for which no deferred tax asset has been recognised comprise:

At 31 December Rm	2022		2021	
	Gross amount	Tax	Gross amount	Tax
Tax losses				
Expiring in less than a year	596	170	754	236
Expiring in the second to fifth years inclusive	2 637	1 225	1 799	444
Expiring after five years	3 464	982	3 114	867
	6 697	2 377	5 667	1 547
Accelerated capital allowances	1 194	299	1 262	243
Other temporary differences	2 410	617	2 152	458
Total	10 301	3 293	9 081	2 248

(b) Deferred tax liabilities

The movement on the deferred tax liabilities account is as follows:

At 31 December Rm	2022	2021
Deferred tax liabilities		
Accelerated tax depreciation	10	78
Deferred acquisition costs	5	-
Other acquired intangibles	72	20
Capital gains tax – shareholder	744	1 308
Capital gains tax – policyholder	2 271	5 025
Other temporary differences	489	321
Netted against assets ²	(298)	(299)
Total	3 293	6 453
Reconciliation of net deferred tax liability		
At beginning of the year	(3 998)	(2 285)
Income statement charge	2 721	(1 567)
Foreign exchange and other movements ¹	33	(126)
Charged to other comprehensive income	(138)	(20)
At end of the year	(1 382)	(3 998)

¹ Included in deferred tax liabilities is an amount of R50 million relating to the acquisition of businesses. Refer to note J7 for more information.

² Amounts 'netted against assets' are other taxable temporary differences set off against deferred tax assets for Group reporting purposes.

Notes to the consolidated financial statements

For the year ended 31 December 2022

H: Non-financial assets and liabilities continued

H8: Trade, other payables and other liabilities

At 31 December Rm	Notes	2022	2021
Amounts payable on direct insurance business			
Amounts owed to policyholders		3 712	3 637
Amounts owed to intermediaries		1 330	1 528
Other direct insurance operation creditors		1 121	584
		6 163	5 749
Accounts payable on reinsurance business		293	166
Accruals and deferred income		2 807	2 650
Post-employment benefits	J1	1 593	1 545
Share-based payments – cash-settled scheme liabilities		27	13
Short-term employee benefits ¹		1 147	710
Trade creditors		2 150	1 481
Outstanding settlements		24 413	9 556
Obligations in relation to collateral holdings		4 499	5 332
Lease liabilities ¹	H8.1	777	847
Liability in respect of repurchase agreements		27 070	16 085
Interest bearing liabilities	H8.2	8 375	8 647
Amounts payable to cell owners ¹		1 187	1 231
Other payables ¹		10 500	9 922
Trade, other payables and other liabilities		91 001	63 934

¹ As part of the Group's enhanced disclosure efforts, Short-term employee benefits, lease liabilities and amounts owed to cell owners have been separately disclosed. Previously, these items were included as Other payables.

Included in the amounts shown above are R75 561 million (2021: R55 057 million) that are regarded as non-current.

H8.1: Lease liabilities

The following table provides an analysis of the lease liabilities included in trade, other payables and other liabilities:

At 31 December Rm	2022	2021
Balance at 1 January	847	938
Additions	298	364
Interest accrued	134	123
Repayments (capital)	(506)	(528)
Other movements ¹	4	(50)
Balance at 31 December	777	847

¹ Includes interest paid.

H8.2: Interest-bearing liabilities

The following table provides an analysis of the interest-bearing liabilities included in trade, other payables and other liabilities:

For the year ended 31 December Rm	Maturity date	2022	2021
Floating rate term loans			
R500 million drawn of a R500 million facility at 3-month JIBAR + 2%	April 2024	513	510
R500 million drawn of a R500 million facility at 3-month JIBAR + 1.65%	May 2026	508	–
R500 million drawn of a R500 million facility at 3-month JIBAR + 1.74%	May 2026	508	–
R1 billion drawn of a R1 billion facility at 3-month JIBAR + 1.55%	March 2022	–	1 000
EUR67 million drawn of EUR67 million facility at 3-month EURIBOR + 2.25%	February 2024	1 192	1 236
EUR32 million drawn of EUR32 million facility at 3-month EURIBOR + 2.70%	November 2027	549	503
EUR49 million drawn of a EUR50 million facility at 3-month EURIBOR + 2.70%	November 2027	790	811
R500 million drawn of a R500 million facility at 3-month JIBAR + 1.85%	March 2024	504	502
EUR38 million drawn of EUR38 million facility at 3-month EURIBOR + 2.25%	March 2025	749	658
R82 million drawn of a R82 million facility at 3-month JIBAR + 2.00%	May 2025	79	77
R500 million drawn at 3-month JIBAR + 2.19%	June 2025	512	509
R500 million drawn at 3-month JIBAR + 2.12%	June 2024	509	508
EUR2.9 million drawn at 3-month EURIBOR + 2.8%	Repaid	–	51
Fixed rate term loans			
EUR16 million drawn at 2.22%	May 2023	291	294
R979 million drawn at 6.74%	June 2023	976	987
GBP15.01 million drawn at 4.5%	February 2026	288	–
GBP25.088 million drawn at 1.41%	Repaid	–	542
GBP21.5 million drawn at 3.5%	July 2025	407	459
Total fixed and variable rate term loans		8 375	8 647

H9: Assets and liabilities held for sale

The Group disposed of an investment property (R119 million) classified as held for sale and reclassified an investment property previously classified as held for sale (R149 million) during the 2022 reporting period. The reclassification occurred due to the terms of the sales agreement not being met within the provided timelines and as a result expired. Included in 2022 is Investment property held for sale of R352 million relating to the consolidation of Funds. The net fair value gain arising from the valuation of these properties on transfer date amounted to RNil (2021: R35 million) and was recognised in investment returns in the income statement.

The Group further classified total assets of R17 million into assets held for sale. The assets held for sale comprise mainly of Investment in Associate of R14 million and Other assets of R3 million relating to the restructure that will be effected in 2023.

Assets and liabilities held for sale per segment have been included in Note B3.

Year ended 31 December Rm	2022	2021
Assets classified as held for sale		
Investment property	352	268
Investments in associated undertakings and joint ventures	14	–
Other assets	3	–
Property, plant and equipment	1	1
Total assets	370	269

Notes to the consolidated financial statements

For the year ended 31 December 2022

H: Non-financial assets and liabilities continued

H10: Share capital

Share capital

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue a variable number of own equity instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

(a) Authorised share capital

At 31 December Rm	2022	2021
10 000 000 000 (2021: 10 000 000 000) no par value ordinary shares	-	-
10 000 000 (2021: 10 000 000) no par value preference shares	-	-

(b) Issued share capital

At 31 December Rm	2022	2021
4 913 880 491 (2021: 4 708 553 649) no par value ordinary shares	244	85

Treasury shares

The cost of the Group's own equity instruments that it has reacquired (treasury shares) is deducted from equity. Gain or loss is not recognised on the purchase, sale, issue, or cancellation of treasury shares. Treasury shares may be acquired and held by the Company or by other members of the consolidated Group. Consideration paid or received is recognised directly in equity.

At 31 December 2022, the Group had 502 510 686 of treasury shares (2021: 289 857 642).

I: Interests in subsidiaries, associates and joint ventures

Basis of consolidation and equity accounting

	Subsidiaries	Associates	Joint ventures
Typical shareholding in the assessment of entities that are not structured entities	Greater than 50%	Between 20% and 50%	Between 20% and 50%
Nature of the relationship	Entities over which the Group has control as defined in IFRS 10 are consolidated.	Entities over which the Group has significant influence as defined in IAS 28.	A joint arrangement in terms of which the Group and the other contracting parties have joint control as defined in IFRS 11.

Critical accounting estimates and judgements – Investments in subsidiaries, associated undertakings and joint ventures

The Group has applied the following key judgements in the application of the requirements of the consolidation set of standards (IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements*):

Consolidation of subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Consolidation of investment funds and securitisation vehicles

The Group acts as a fund manager to a number of investment funds. In determining whether the Group controls such a fund, it will focus on an assessment of the aggregate economic interests of the Group (comprising any carried interests and expected management fees) and the investor's rights to remove the fund manager. This general assessment is supplemented by an assessment of third-party rights in the investment funds, with regards to their practical ability to allow the Group not to control the fund. The Group assesses, on an annual basis, such interests to determine if the fund will be consolidated. The non-controlling interests in investment funds consolidated by the Group are classified as third-party interests in consolidated funds, a financial liability, in the consolidated statement of financial position. These interests are classified at fair value through profit or loss and measured at fair value, which is equal to the bid value of the number of units of the investment funds' scheme not owned by the Group.

The Group has sponsored certain asset-backed financing (securitisation) vehicles under its securitisation programme which are run according to pre-determined criteria that are part of the initial design of the vehicles. The Group is exposed to variability of returns from the vehicles through its holding of junior debt securities in the vehicles. It has concluded that it controls these vehicles and therefore has consolidated these asset-backed financing vehicles.

Structured entities

The Group is required to make judgements on what constitutes a structured entity. Accounting standards define a structured entity as an entity designed so that its activities are not governed by way of voting rights. In assessing whether the Group has power over such investees in which it has an economic interest, the Group considers numerous factors. These factors may include the purpose and design of the investee, its practical ability to direct the relevant activities of the investee, the nature of its relationship with the investee and the size of its exposure to the variability of returns of the investee. The Group has evaluated all exposures and has concluded that all investments in investment funds as well as certain securitisation vehicles and other funding vehicles represent investments in structured entities.

Notes to the consolidated financial statements

For the year ended 31 December 2022

I: Interests in subsidiaries, associates and joint ventures continued

II: Subsidiaries

(a) Principal subsidiaries and Group enterprises

The following table lists the principal Group undertakings whose results are included in the consolidated financial statements. All shares held are ordinary shares and are held directly and indirectly by the Company.

Name	Nature of business	Country of incorporation	2022 % holding	2021 % holding
Old Mutual Group Holdings (SA) Limited	Holding company	South Africa	100	100
Faulu Microfinance Bank Limited	Lending	Kenya	67	67
Old Mutual Insure Limited	Property and Casualty	South Africa	100	100
Old Mutual (Africa) Holdings Proprietary Limited	Holding company	South Africa	100	100
Old Mutual (Netherlands) B.V.	Holding company	Netherlands	100	100
Old Mutual Emerging Markets Proprietary Limited	Holding company	South Africa	100	100
Old Mutual Finance RF Proprietary Limited ¹	Lending	South Africa	100	75
Old Mutual Investment Group Proprietary Limited	Asset management	South Africa	100	100
Old Mutual Investment Group Holdings Proprietary Limited	Holding company	South Africa	100	100
Old Mutual Life Assurance Company (Namibia) Limited	Life assurance	Namibia	100	100
Old Mutual Life Assurance Company (South Africa) Limited	Life assurance	South Africa	100	100
Old Mutual Zimbabwe Limited	Life assurance	Zimbabwe	75	75
OM Group (UK) Limited	Holding company	England and Wales	100	100
OM Residual UK	Holding company	England and Wales	100	100
UAP Holdings Limited	Holding company	Kenya	67	67

¹ Refer to Note 35 for information on increase in Shareholding.

All the above companies have a year end of 31 December and their financial results have been incorporated and are included in the Group financial statements from the effective date that the Group controls the entity. There are certain funds in which the Group owns more than 50% of the equity but does not consolidate these because of certain management contracts which give other parties the power to control these funds. These management contracts may include that the ability to control is delegated to a third party with no rights of removal on similar types of contractual agreements.

(b) Non-controlling interests in subsidiaries

The following table summarises the information relating to the Group's subsidiaries that have material non-controlling interests:

At 31 December 2022 Rm	Old Mutual Finance Proprietary Limited ²	UAP Holdings Limited ¹	Old Mutual (Malawi) Limited	Future Growth Asset Managers	Old Mutual Finance (Namibia) (Pty) Ltd	Other subsidiaries	Total
Consolidated statement of financial position							
Total assets	13 332	15 912	14 543	451	1 377	48 276	93 891
Total liabilities	(10 961)	(12 609)	(11 988)	(272)	(868)	(52 019)	(88 717)
Net assets	2 371	3 303	2 555	179	509	(3 743)	5 174
Non-controlling interests	-	494	417	12	127	1 655	2 705
Non-controlling interests (%)	-	33%	28%	28%	25%		
Consolidated income statement							
Total revenue	3 910	5 248	5 178	490	337	20 619	35 782
Profit before tax	778	142	787	107	158	2 511	4 483
Income tax (expense)/credit	(246)	(246)	(162)	(48)	(8)	(347)	(1 057)
Profit/(loss) after tax for the financial year	532	(104)	625	59	150	2 164	3 426
Non-controlling interests	134	(90)	45	2	37	346	474

At 31 December 2021 Rm	Old Mutual Finance Proprietary Limited	UAP Holdings Limited ¹	Old Mutual (Malawi) Limited	Old Mutual Finance (Namibia) (Pty) Ltd	Other subsidiaries	Total
Consolidated statement of financial position						
Total assets	13 352	16 165	12 719	1 420	53 869	97 525
Total liabilities	(10 931)	(12 779)	(10 353)	(1 005)	(55 908)	(90 976)
Net assets	2 421	3 386	2 366	415	(2 039)	6 549
Non-controlling interests	572	513	439	107	1 496	3 127
Non-controlling interests (%)	25%	33%	28%	25%		
Consolidated income statement						
Total revenue	3 973	4 440	4 121	332	22 907	35 773
Profit/(loss) before tax	1 366	10	585	159	3 060	5 180
Income tax (expense)/credit	(415)	(14)	(116)	(20)	(334)	(899)
Profit/(loss) after tax for the financial year	951	(4)	469	139	2 726	4 281
Non-controlling interests	239	(94)	40	35	581	801

¹ The financial information of UAP Holdings Limited (UAP) represents the results of UAP for year ended 31 December 2022 and the consolidated statement of financial position at 31 December 2022 as consolidated by the Group. This consolidated result may vary significantly from the full year results published by UAP due to acquisition entries recognised by the Group.

² There was an increase in Shareholding from 75% to 100% ownership during the year.

During the year ended 31 December 2022, dividends of R340 million (2021: R149 million) were paid to non-controlling interests.

(c) Restrictions on the Group's ability to obtain funds from its subsidiaries

Statutory and regulatory restrictions in terms of the Reserve Bank of Zimbabwe imposed by the Zimbabwean Government to restrict the amount of funds that can be transferred out of Zimbabwe to the Group. In addition, the banking subsidiary companies are restricted by Basel regulations and prudential requirements with regard to the distributions of funds to their holding company. Regulated entities may only be permitted to remit dividends in terms of local capital requirements and/or permission being obtained from the regulator to distribute such funds.

The non-controlling interests do not have any ability to restrict the cash flows to the Group.

(d) Guarantees provided by the Group to subsidiaries

No significant guarantees have been provided by the Group during the financial year.

The Group provides financial support in certain cases where funds require seed capital and also provides liquidity funding in the case of large divestments from unit trust funds.

(e) Loss of control of subsidiaries

The Group did not dispose of any principal subsidiary that resulted in loss of control during the year.

In 2022, the loss on disposal of subsidiaries largely represents the loss of R108 million incurred by Old Mutual Limited on the disposal of its investment in Old Mutual International Guernsey Limited. Other immaterial disposals amounted to R25 million loss on disposal.

I2: Investments in associated undertakings and joint ventures

(a) Aggregate Group investment in associated undertakings and joint ventures

The following table presents the aggregate amounts for investment in associated undertakings and joint ventures at 31 December:

Year ended 31 December Rm	2022	2021
Balance at beginning of the year	908	17 450
Additions of investment in associated undertakings and joint ventures	216	104
Disposal of investment in associated undertakings and joint ventures ¹	(10)	(644)
Share of profit after tax	118	1 385
Share of other comprehensive income/(loss)	-	(32)
Impairment provision for investments in associate companies	-	(30)
Dividend income	(89)	(219)
Fair value loss	-	(232)
Foreign exchange and other movements ^{2,3}	(64)	(16 874)
Transfer to assets held for sale and distribution	(14)	-
Balance at end of the year	1 065	908

¹ Included in disposal of investment in associated undertakings and joint ventures, is the disposal of the Group's 42% interest in Squarestone Growth LLP that occurred in 2021.

² Included in other movements in 2021 is R16.8 billion (of which R10.5 billion is a transfer of Nedbank to held for sale and distribution and R6.3 billion is a transfer of Nedbank to investment and securities) as a result of the Group completing the unbundling of 12.2% of its interest in Nedbank. Subsequent to this unbundling, the Group has assessed and concluded that it no longer has significant influence over the remaining 6.65% shareholding in Nedbank and the retained holding is accounted for as investment and securities, with fair value gains or losses being recognised in profit or loss.

³ During 2022, we moved R456 million from 'Investments in associated undertaking and joint ventures' to 'Investments and Securities', as these are assets backing policyholder liabilities.

Notes to the consolidated financial statements

For the year ended 31 December 2022

I: Interests in subsidiaries, associates and joint ventures continued

I2: Investments in associated undertakings and joint ventures continued

(b) Analysis of equity accounted and fair value investments in associated undertakings and joint ventures

Of the total carrying value of associates and joint-ventures, R142 million (2021: R370 million) relates to those that measured at fair value and R923 million (2021: R538 million) relates to those that have been equity accounted.

The Group's equity accounted and fair value investments in associated undertakings and joint ventures are as follows:

At 31 December 2022 Rm	Nature of activities	Percentage holding	Measurement method	Carrying amount	Group share of profit/(loss)
Associated undertakings					
Individually immaterial associates					
Unlisted					
Other individually immaterial associates ^{1,2}				673	248
Total investment in associate undertakings				673	248
Joint ventures					
Unlisted					
Old Mutual-CHN Energy Life Insurance Company Limited ³	Life assurance	50%	Equity accounted	392	(130)
Total investment in joint ventures				392	(130)
Total investments in associates and joint ventures				1 065	118

¹ During 2022, there was no individual material associates to be separately disclosed.
² ESD associates has additional preference share debt of R500 million included in investment and securities.
³ Country of incorporation: China.

At 31 December 2021 Rm	Nature of activities	Percentage holding	Measurement method	Carrying amount	Group share of profit/(loss)
Associated undertakings					
Listed					
Nedbank Limited ¹				-	1 257
Individually immaterial associates					
Unlisted					
Other individually immaterial associates				765	165
Total investments in associate undertakings				765	1 422
Joint ventures					
Unlisted					
Old Mutual-CHN Energy Life Insurance Company Limited	Life assurance	50%	Equity accounted	143	(37)
Total investments in joint ventures				143	(37)
Total investments in associates and joint ventures				908	1 385

¹ Nedbank was unbundled in 2021, refer to Note A2(a).

(c) Aggregate financial information of immaterial investments in associated undertakings

The aggregate financial information of immaterial investments in associated undertakings and joint ventures is as follows:

At 31 December Rm	2022	2021 ¹
Total current assets	6 871	8 317
Total non-current assets	5 326	6 314
Total current liabilities	(6 048)	(8 519)
Total non-current liabilities	(3 822)	3 424
Total revenues	3 424	1 956
Profit from continuing operations	989	323
Total comprehensive income	748	259

¹ The Group previously combined associates and joint ventures in the table above. As part of the ongoing disclosure enhancements, these have now been split out.

(d) Financial information of material investments in joint ventures

At 31 December Rm	2022 Old Mutual-CHN Energy Life Assurance Company	2021 Old Mutual-CHN Energy Life Assurance Company
Carrying value	392	143
Statement of comprehensive income		
Revenue	3 703	2 537
Interest income	446	338
Depreciation	(10)	(7)
Profit/(loss) from continuing operations	(261)	(78)
Total comprehensive profit/(loss)	(261)	(78)
Statement of financial position		
Current assets	7 069	6 541
Cash and cash equivalents	3 632	2 309
Non-current assets	11 294	7 949
Current liabilities	(2 902)	(2 442)
Non-current liabilities	(13 641)	(9 925)
Non-current financial liabilities	(5 308)	4 081
Net assets	1 820	2 122
Share of Net Asset Value	910	1 061
Historical acquisition adjustments	(518)	(918)
Carrying Amount	392	143

(e) Contingent liabilities and commitments

At 31 December 2022 and 31 December 2021, the Group had no significant contingent liabilities or commitments relating to investments in associated undertakings and joint ventures.

Notes to the consolidated financial statements

For the year ended 31 December 2022

I: Interests in subsidiaries, associates and joint ventures continued

I3: Structured entities

(a) Group's involvement in structured entities

In structured entities, voting rights are not the predominant factor in deciding who controls the entity but rather the Group's exposure to the variability of returns from these entities. The Group acts as fund manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of decision-making rights as fund manager, the investor's rights to remove the fund manager and the aggregate economic interests of the Group in the fund in the form of interest held and exposure to variable returns.

In most instances, the Group's decision-making authority, in its capacity as fund manager, with regard to these funds is regarded to be well-defined. Discretion is exercised when decisions regarding the relevant activities of these funds are being made. Fund management agreements include only terms, conditions or amounts that are customarily present in arrangements for similar services and level of skills negotiated on an arm's length basis. The Group has concluded that it acts as agent on behalf of the investors in all instances.

The Group is considered to be acting as principal where the Group is the fund manager and is able to make the investment decisions on behalf of the unit holders, earn a variable fee, and there are no kick-out rights that would remove the Group as fund manager.

The Group has not provided any non-contractual support to any consolidated or unconsolidated structured entities.

The Group has committed to providing certain liquidity facilities for certain securitisation vehicles.

The table below summarises the types of structured entities the Group does not consolidate, but may have an interest in:

Type of structured entity	Nature	Purpose	Interest held by the Group
» Securitisation vehicles for loans and advances	» Finance the Group's own assets through the issue of notes to investors	» Generate funding for the Group's lending activities » Fees for loan » Servicing » Margin through sale of assets	» Investment in senior and junior notes issued by the vehicles
» Investment funds	» Manage client funds through the investment in assets	» Generate fees from managing assets on behalf of third party investors	» Investments in units issued by the fund
» Securitisation vehicles for third-party receivables	» Finance third-party receivables and are financed through loans from third-party note holders and bank borrowing	» Generate fees from arranging the structure. » Interest income may be earned on the notes held by the Group	» Interest in these vehicles is through notes that are traded in the market
» Security vehicles	» Hold and realise assets as a result of the default of a client	» These entities seek to protect the collateral of the Group on the default of a loan	» Ownership interest will be in proportion of the lending. At 31 December 2022, the Group held no value in security vehicles
» Clients investment entities	» Hold client investment assets	» Generates various sources of income for the Group	» None
» Black economic empowerment (BEE) funding	» Fund the acquisition of shares by a BEE partner	» Generates interest on the funding provided	» Loans to BEE schemes

The Group's holdings in investment vehicles are subject to the terms and conditions of the respective investment vehicle's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investment vehicles. All of the investment vehicles in the investment portfolios are managed by portfolio managers who are compensated by the respective investment vehicles for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee, and is reflected in the valuation of the investment vehicles.

(b) Interest in unconsolidated structured entities

The Group invests in unconsolidated structured entities as part of its normal investment and trading activities. The Group's total interest in unconsolidated structured entities is classified as investments and securities held at fair value through profit or loss. The Group does not sponsor any of the unconsolidated structured entities.

The table below provides a summary of the carrying value of the Group's interest in unconsolidated structured entities for both continuing operations and those classified as held for distribution:

At 31 December Rm	2022	2021
Debt securities, preference shares and debentures	1 157	1 917
Equity securities	2 758	4 655
Pooled investment funds	175 532	190 397
Total	179 447	196 969

The Group's maximum exposure to loss with regard to the interests presented above is the carrying amount of the Group's investments. Once the Group has disposed of its shares or units in a fund, it ceases to be exposed to any risk from that fund. The Group's holdings in the above unconsolidated structured entities are largely less than 50% and as such the net asset value of these structured entities are likely to be significantly higher than their carrying value.

Pooled investment funds includes the following investments:

Fund 1

The fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The fund invests in government securities, listed and unlisted debt securities, listed and unlisted equity securities. As at year end the Company's interest in the fund totalled R7 825 million compared to a total fund size of R164 600 million.

Fund 2

The Fund aims to achieve the best possible investment growth for retirement savers (within the constraints of Regulation 28 of the Pensions Fund Act) over the long term. The fund invests in government securities, listed debt and equity securities. As at year end the Company's interest in the fund totalled R7 276 million compared to a total fund size of R99 710 million.

Fund 3

The portfolio aims to preserve capital, but provide returns in excess of that offered by a traditional money market portfolio. The mandate is, however, more flexible and the average portfolio duration will be longer than that of traditional money market portfolios. The portfolio complies with Regulation 28 of the South African Pension Funds Act. As at year end the Company's interest in the fund totalled R3 590 million compared to a total fund size of R49 044 million.

Remaining Funds

The remaining R156 841 million is held across almost 1 500 funds with various investment strategies.

(c) Other interests in unconsolidated structured entities

The Group receives management fees and other fees in respect of its asset management businesses that manage investments in which the Group has no holding. These also represent interests in unconsolidated structured entities. As these investments are not held by the Group, the investment risk is borne by the external investors and therefore the Group's maximum exposure to loss relates to future management fees. The Group does not sponsor any of the funds or investment vehicles from which it receives fees.

J: Other notes

J1: Post-employment benefits

The Group's post retirement schemes provide for the retirement, medical and disability benefits of employees and have been designed and are administered in accordance with local conditions and practices in the countries concerned and include both defined contribution and defined benefit schemes. The assets of these schemes are held in separate trustee administered funds. Actuarial advice confirms that the existing assets are adequate to secure members' benefits over the remaining service lives of participating employees. The schemes are reviewed at least on a triennial basis or in accordance with local practice and regulations. In the intervening years the actuary reviews the continuing appropriateness of the assumptions applied. The actuarial assumptions used to calculate the projected benefit obligations of the Group's pension schemes vary according to the economic conditions of the countries in which they operate. The post-retirement medical aid benefit is no longer offered by the Group and therefore the disclosure relates to winding up of this benefit.

The movement analysis of post-employment benefits presented in Note J1(a) includes the information for all of the Group's pension schemes, including movements in plan assets for the year.

Restriction on the ability to access individual pension fund surpluses

The Group has pension fund surpluses and its ability to access the surpluses is regulated by local laws and regulations. In all situations, the Group does not have the unilateral right to access these surpluses as the use of the surplus must be approved by the relevant governing bodies of the pension funds.

Notes to the consolidated financial statements

For the year ended 31 December 2022

J: Other notes continued

J1: Post-employment benefits continued

(a) Liability for defined benefit obligations

Year ended 31 December Rm	Pension plans		Other post-retirement benefit schemes	
	2022	2021	2022	2021
Changes in projected benefit obligation				
Projected defined benefit obligation at beginning of the year	217	250	1 545	1 501
Current service cost	–	1	13	14
Interest cost on benefit obligation	21	24	132	121
Measurement (gains)/losses arising from experience adjustments	(57)	(58)	(30)	(28)
Benefits paid	–	–	(67)	(63)
Projected defined benefit obligation at end of the year	181	217	1 593	1 545
Change in plan assets				
Plan assets at fair value at beginning of the year	217	250	–	–
Actual return on plan assets	(36)	(33)	–	–
Plan assets at fair value at end of the year	181	217	–	–
Net defined benefit obligation	–	–	(1 593)	(1 545)
Net amount recognised in consolidated statement of financial position	–	–	(1 593)	(1 545)
Disclosed as follows:				
Within trade, other payables and other liabilities	–	–	(1 593)	(1 545)
	–	–	(1 593)	(1 545)

(b) Principal actuarial assumptions

The significant actuarial assumptions and sensitivities of the defined benefit liabilities to changes in those assumptions are set out below:

	Pension plans		Other post-retirement benefit schemes	
	2022	2021	2022	2021
Discount rate used	11.1%	10.0%	10.5%	10.6%
Price inflation	6.3%	6.1%	7.0%	6.1%
Rate of future salary increases	7.3%	7.1%	8.0%	7.1%
Expected return on plan assets	11.1%	10.0%	10.9%	10.4%

Actuarial assumptions used in calculating the projected benefit obligation are based on mortality estimates in line with that adopted for the 92 series of mortality tables prepared by the Continuous Mortality Investigation Bureau of the Institute of Actuaries.

The table below provides information on the sensitivity of significant assumptions used:

Year ended 31 December 2022 Rm	Reasonable possible change	Pension plans		Other post-retirement benefit schemes	
	%	Increase	Decrease	Increase	Decrease
Sensitivity analysis of significant assumptions					
Increase in discount rate	1.0%	180	170	1 351	1 703
Increase in accrued service liabilities due to salary increase	1.0%	184	179	–	–
Increase in accrued service liabilities due to medical inflation	1.0%	–	–	1 707	1 344
	Reasonable possible change	Pension plans		Other post-retirement benefit schemes	
	%	Increase	Decrease	Increase	Decrease
Sensitivity analysis of significant assumptions					
Increase in discount rate	1.0%	218	216	1 313	1 654
Increase in accrued service liabilities due to salary increase	1.0%	220	214	–	–
Increase in assumed health costs trend rates	1.0%	–	–	1 659	1 301

(c) Plan asset allocation

Plan asset allocation relates to all of the Group's pension schemes is as follows:

Year ended 31 December	Pension plans	
	2022	2021
Equity securities	54.8%	62.1%
Debt securities	23.4%	20.7%
Property	6.5%	6.4%
Annuities and other	15.3%	10.8%
	100.0%	100.0%

(d) Expenses recognised in the income statements

Year ended 31 December Rm	Pension plans		Other post-retirement benefit schemes	
	2022	2021	2022	2021
Current service costs	–	1	13	14
Interest cost	21	24	132	122
Total (included in staff costs)	21	25	145	136

Notes to the consolidated financial statements

For the year ended 31 December 2022

J: Other notes continued

J2: Share-based payments

(a) Share incentive schemes

The Group incentivises employees through a number of share incentive schemes. These include an Employee Share Ownership Plan (ESOP), Old Mutual Africa Regions phantom incentive, Long-Term Incentive Plan (LTIP) and broad-based incentive (BBI) schemes. The ESOP, LTIP and BBI schemes are equity-settled, and the Old Mutual Africa Regions phantom scheme is cash-settled. More information on the Group's share incentive schemes is available in the Old Mutual Limited Remuneration Report which will be released in April 2023 and can be accessed on <https://www.oldmutual.com/investor-relators/reporting-centre/reports>.

Employee Share Ownership Plan (ESOP)

These awards are granted under the Employee Share Ownership Plan (ESOP) rules. The ESOP consists of the deferred short-term incentive, buy-out/sign-on, retention and Broad-Based Black Economic Empowerment (B-BBEE) Bula Tsela awards.

Deferred Short-term Incentive awards

A portion of the annual short-term incentive award, for middle management and above, is mandatorily deferred for a maximum period of three years. This deferral is converted to forfeitable Old Mutual Limited shares for participants in South Africa and Namibia and forfeitable phantom shares for participants in Old Mutual Africa Regions. Awards granted from 2021 vest in three equal tranches on the first, second and third anniversaries of the award, and have no further financial performance conditions. The awards are subject to malus and clawback conditions.

Buy-out/Sign-on awards

These awards support the recruitment of key and/or critical talent into the organisation subject to stringent policy guidelines. Buy-out awards replace potential loss of income/unvested awards for new joiners, and or address any financial obligations that the new joiner may have with their previous employer. Sign-on awards increase the overall competitiveness and attractiveness of an offer, specifically for the recruitment of scarce skills or high potential individuals. These awards are preferably granted in forfeitable Old Mutual Limited shares for participants in South Africa and Namibia and in forfeitable phantom shares for participants in Old Mutual Africa Regions.

Retention awards

These awards are granted in special circumstances to retain key talent based on the outcomes of the Group Talent Management Strategy, or scarce and/or critical skills identified as a potential flight risk. The awards typically vest after three years.

Long-term Incentive Plan (LTIP)

LTI awards are granted under the Long-Term Incentive Plan (LTIP) rules. These awards are granted to executives and select senior managers, on a discretionary basis, subject to a minimum individual performance condition. These awards aim to align senior management and shareholder interests. Awards granted in 2022 are conditional Old Mutual Limited shares for participants in South Africa and Namibia and conditional phantom shares for participants in Old Mutual Africa Regions. Vesting is subject to the achievement of company and individual performance targets, and vest in equal tranches on the third, fourth and fifth anniversaries of the award. The awards are subject to malus and clawback conditions.

Broad-based incentive scheme (BBI)

B-BBEE listing awards

A once-off broad-based share incentive scheme was awarded, in September 2018, to all employees permanently employed at the time of Old Mutual listing on the JSE and still in service on the date of grant. This award was in recognition of each employee's contribution to the smooth transition to listing, and the anticipated future contribution they would make to the Group. In terms of this scheme, 25 254 employees were initially allocated 366 Old Mutual Limited shares each, totalling 8 485 344 shares (at a share price of R29.80). This initial grant was supplemented by a further 128 Old Mutual Limited shares at a share price of R22.00 (3 232 512 shares in total). The total Old Mutual Limited shares allocated were 11 717 856. The awards, granted under the ESOP rules, all vested on the 18 September 2020. After taking into account the lapse of shares linked to leavers, 11 122 496 Old Mutual Limited shares vested at a share price of R10.07.

B-BBEE Bula Tsela awards

A once-off broad-based share incentive scheme awarded 205.3 million new Old Mutual Limited ordinary shares, during the year to the following groups:

- » Qualifying Old Mutual employees, as part of the Old Mutual Bula Tsela employee transaction granted under the ESOP rules (grant date: 6 December 2022).
- » A community trust for the support of eligible Black South African individuals and groups as part of the Old Mutual Bula Tsela community transaction (grant date: 12 August 2022).
- » Qualifying Black South African individuals and groups whose applications pursuant to the public offer were successful, as part of the Old Mutual Bula Tsela retail transaction (grant date: 21 November 2022).

The Old Mutual Bula Tsela employee transaction, has the following core elements:

- » 78 125 166 shares were issued under the employee scheme with 20% of these shares (the 'Other Employee Subscription Shares') issued at a subscription price equal to the Post Retail Offer Closing Date VWAP (R10.22 per share, 5 day VWAP as at 1 November 2022) and 80% of these shares (the 'Notionally-Funded Employee (NVE) Subscription Shares') issued at their fair value as determined through the use of a Monte Carlo option pricing model. The subscription price equated to R3.39 per share.
- » This option pricing model calculates the potential benefit accruing to beneficiaries, taking into account various assumptions/inputs, including the number of shares issued, the price at which shares are trading and the cost of funding provided to the beneficiaries over the 10-year term.
- » Employees will be allocated shares which will vest in tranches after four (25%), six (25%) and eight (50%) years. Shares may not be traded until the completion of a 10-year lock in period. Employees will be entitled to a 15% trickle dividend on the NVE shares (remaining dividend will be used to settle the NVE) and 100% of the dividend on the remaining shares during the vesting period.
- » The fair value determined at the grant date of the equity-settled share-based payment is expensed on a graded vesting basis, as a result of the various vesting tranches, with a corresponding increase in equity. The expense is adjusted to reflect the actual number of share rights for which the vesting conditions are met.

The Old Mutual Bula Tsela retail transaction, in turn, had the following core elements:

63 600 838 Old Mutual Limited shares were acquired by RetailCo. RetailCo funded this acquisition through a combination of vendor finance from Old Mutual Limited (70%), money raised from the issue of its own shares (15%) and a donation from Old Mutual Limited (15%).

Old Mutual is the first insurer in South Africa to offer shares directly to the black South African public in a retail scheme. Through the innovative 12 month pay-off option for applicants in the R1 000 election option, room was made for those who had not had the opportunity to participate in retail schemes before; a first for South Africa. A Warehouse Trust (a subsidiary of Old Mutual Limited) is used to facilitate the issue of RetailCo shares to individuals in the R1 000 election option. More than 38 000 black South African individuals, small businesses, and groups such as trusts and stokvels qualified for RetailCo shares in this transformative empowerment scheme. The Old Mutual Bula Tsela retail scheme is 100% Black owned and approximately, 51% Black women owned, and 29% Black youth owned. 9 750 008 RetailCo ordinary shares were issued to successful retail offer applicants at R10 per share to raise 15% of the capital required to subscribe for Old Mutual Limited shares.

The share-based payment reserve amount is based on the valuation of the issue of the Old Mutual Limited shares as an option which has been valued using the following assumptions: rates implied by the nominal swap curve, dividend yield of 6.3%, volatility of 30%, a spot price of R11.18 per share, and a term of 10 years. The fair value determined at the grant date of the equity-settled share-based payment less the consideration received vest immediately, resulting in the full amount being expensed at grant date. Participants in the Retail transaction receive a 15% trickle dividend after settling operational expenses and servicing the vendor finance.

The remaining 63 600 838 Old Mutual Limited shares were issued to the Old Mutual Bula Tsela Community Trust at a subscription price of R0.01, through a notionally vendor financed (NVE) arrangement. The Trust, which is consolidated by Old Mutual, will initially only use its trickle dividend to undertake Permitted Public Benefit Activities aimed at furthering, amongst others, financial and other education and digital skills development. There is no IFRS 2 expense in the consolidated financial statements until shares are issued to third parties. Refer to note 6 in OML separate financial statements for further details.

(b) Forfeitable/Restricted share grants

The following table summarises the fair value of restricted shares granted by the Group during the year:

Instruments granted and purchased/issued during the year	2022	Number granted	Weighted average fair value
Shares in Old Mutual Limited (Johannesburg Stock Exchange)			
	2021	53 192 717	R9.00

These numbers exclude phantom and the Bula Tsela community grants.

Notes to the consolidated financial statements

For the year ended 31 December 2022

J: Other notes continued

J2: Share-based payments continued

(b) Forfeitable/restricted share grants continued

	Number of shares	Weighted average fair value	Number of shares	Weighted average fair value
	2022	R	2021	R
Deferred Short-term Incentive awards (ESOP)				
Movements in unvested shares				
1 January ¹	54 855 443	13.10	43 648 346	11.89
Granted	20 185 005	13.79	21 068 937	8.18
Settled	(18 964 387)	13.83	(7 100 723)	13.40
Lapsed	(3 915 792)	10.46	(2 761 117)	13.10
31 December¹	52 160 269	10.46	54 855 443	13.10
Long-term Incentive Plan awards (LTIP)				
Movements in unvested shares				
1 January ¹	33 430 462	13.10	16 784 732	11.89
Granted	9 920 654	13.77	20 255 757	10.01
Settled	(368 890)	12.63	(1 207 416)	13.80
Lapsed	(3 055 285)	10.46	(2 402 611)	13.10
31 December¹	39 926 941	10.46	33 430 462	13.10
Buy-out/Sign-on awards (ESOP)				
Movements in unvested shares				
1 January ¹	2 353 694	13.10	–	–
Granted	3 452 305	12.13	2 449 222	12.40
Settled	(25 400)	11.07	–	–
Lapsed	(252 943)	10.46	(95 528)	13.10
31 December¹	5 527 656	10.46	2 353 694	13.10

¹ Share price at reporting date (and not the weighted average fair value).

	Number of shares	Weighted average fair value	Number of shares	Weighted average fair value
	2022	R	2021	R
Retention awards (ESOP)				
Movements in unvested shares				
1 January ¹	27 310 791	13.10	24 488 306	11.89
Granted	6 968 144	13.66	9 418 801	7.81
Settled	(4 117 159)	12.19	(4 358 615)	14.28
Lapsed	(4 581 135)	10.46	(2 237 701)	13.10
31 December¹	25 580 641	10.46	27 310 791	13.10
Broad-based Incentive awards (BBI)				
Movements in unvested shares				
1 January ¹	6 160	13.10	381 536	11.89
Settled	(3 248)	10.13	(375 376)	10.07
31 December¹	2 912	10.46	6 160	13.10
B-BBEE Bula Tsela awards (BBI) (ESOP)				
1 January ¹	–	–	–	–
Other employee shares granted	15 423 797	10.59	–	–
NVF shares granted ²	61 695 187	3.50	–	–
Lapsed	(898 854)	4.83	–	–
31 December ^{1,2} – Other employee shares	15 244 026	10.46	–	–
31 December ^{1,2} – NVF shares	60 976 104	3.42	–	–
B-BBEE Bula Tsela awards (BBI) (Retail)				
1 January ¹	–	–	–	–
Granted ³	63 600 838	4.55	–	–
31 December^{1,3}	63 600 838	4.02	–	–

¹ Share price at reporting date (and not the weighted average fair value).

² The weighted average exercise price on grant date was R8.72 and at 31 December 2022 was R8.77.

³ The weighted average exercise price on grant date was R7.15 and at 31 December 2022 was R7.23.

No adjustment was made in the above weighted average fair value for expected dividends where the holder of the restricted share is entitled to dividends throughout the vesting period. Except as it relates to the NVF shares.

(c) Deferred short-term incentive awards – forecast

The annual bonus allocation (South Africa and Namibia) gives rise to deferred short-term incentive awards. The start of the vesting period of these awards has been determined as 1 January of the year prior to the date of issue, to take into account the element of the award linked to previous performance. The initial fair value is determined by estimating the level of awards to be made in the following year taking into account expected company and individual performance.

The Group anticipates awards under the South African scheme of 26 175 385 restricted shares (2021: 19 556 687). The restricted shares have been valued using an estimated share price of R15.00 (2021: R11.89). The method used to calculate the forecast grant is based on a rand value determined at 1 January using the last reported share price and is not adjusted for changes in the share price until the actual awards are made.

(d) Financial impact

Year ended 31 December	Note	2022	2021
Rm			
Expense arising from equity settled share and share option plans	D7	665	414
Expense arising from cash settled share and share option plans	D7	2	(12)
		667	402
Closing balance of liability for cash settled share awards		31	13

Notes to the consolidated financial statements

For the year ended 31 December 2022

J: Other notes continued

J3: Related parties

(a) Transactions with key management personnel, remuneration and other compensation

The Company's key management personnel include all members of the Board, (both executive and non-executive directors) and prescribed officers as defined by the Companies Act. In addition, due to the influence on the planning, direction and control over the activities of the Group, all members of the Executive committee will also be included as key management personnel.

The definition of key management personnel also includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may influence, or be influenced by that person in their dealings with the Group. These may include the person's domestic partner and children, the children of the person's domestic partner, and dependents of the person or the person's domestic partner.

The Directors' Emolument disclosure required by the Companies Act are set out in Note L. Disclosures required in terms of King IV™ will be disclosed in the Old Mutual Limited Remuneration Report which will be released on April 2023 and can be accessed on <https://www.oldmutual.com/investor-relations/reporting-centre/reports>. Compensation paid to the Board of directors is aggregated below, together with the aggregate compensation paid to the Executive committee members (Exco), as well as the number of share options and instruments held.

Year ended 31 December Rm	2022		2021	
	Number of personnel	Rm	Number of personnel	Rm
Directors' fees	14	26	16	29
Remuneration		136		109
Salaries and other benefits	13	108	14	85
Share-based payment expense	13	28	13	24
		162		138

Restricted shares	2022		2021	
	Number of personnel	Number of shares '000s	Number of personnel	Number of shares '000s
Outstanding at beginning of the year	13	16 813	13	8 959
Leavers	1	(728)	1	–
New appointments	–	–	1	–
Granted during the year	–	6 572	–	9 345
Lapsed during the year	–	(665)	–	(725)
Released during the year	–	(1 002)	–	(766)
Outstanding at end of the year	12	20 990	13	16 813

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence at and for the year ended 31 December 2022 were as follows.

Year ended 31 December	2022		2021	
	Number of personnel	Value Rm	Number of personnel	Value Rm
Current accounts	4	–	4	–
Credit cards	–	–	–	–
Mortgages	–	–	–	–
Investments	10	136	7	130
Property and Casualty contracts				
Total premium paid during the year	5	–	4	–
Claims paid during the year	–	–	–	–
Life insurance products				
Total sum assured/value of investment at end of the year	9	84	9	63
Pensions				
Value of pension plans as at end of the year	9	80	9	102

Transactions with key management personnel are made on terms equivalent to those that prevail in arm's length transactions.

Various members of key management personnel hold or have at various times during the year held, investments managed by asset management businesses of the Group. These include unit trusts, mutual funds and hedge funds. None of the amounts concerned are material in the context of the funds managed by the Group business concerned, and all of the investments have been made by the individuals concerned either on terms which are the same as those available to external customers generally or, where that is not the case, on the same terms as were available to employees of the business generally.

(b) Transactions and balances with other related parties

Material subsidiaries of the Group are identified in Note 11(a) and the Group's material investments in associated undertakings and joint ventures are identified in Note 12.

Transactions between the Group and its related parties, other than key management personnel are disclosed below. All these transactions were entered into in the normal course of business.

Year ended 31 December Rm	2022	2021
Transactions with associated undertakings		
Dividend received from Nedbank	–	477
Interest income from Nedbank to Group subsidiaries	–	(1 271)
Interest expense to Nedbank from Group subsidiaries	–	2 585
Insurance premiums received from Nedbank	–	141
Claims paid to Nedbank	–	(88)
Commission expense paid to Nedbank by Group subsidiaries	–	(25)
Management fee expense paid to Nedbank	–	(169)
Management fee income from Nedbank	–	55
Fees paid for provision of information technology services to the Group	–	(123)
Rent received from Nedbank	–	14

(c) Investments in the Kutana Group of companies

Thoko Mokgosi-Mwantembe, a non-executive director of the Company, is also the Chief Executive Officer and sole equity holder of Kutana Capital Proprietary Limited (Kutana).

Old Mutual Specialised Finance, provided preference share funding to Luxanio 220 (RF) Proprietary Limited, a wholly owned subsidiary of Kutana. In light of this investment, the Group continues to review relationships where Kutana has significant influence in the wider structure and have provided additional information in respect of these relationships.

The Group, through various of its operating subsidiaries, has provided debt funding as part of a consortium of lenders, to In2Food Group Proprietary Limited through an entity called Middle Road Packers (Middle Road), an entity in which Kutana has an effective ownership of 35%.

The Group indirectly holds a 31% minority stake in Middle Road alongside Kutana's 35% interest, which was acquired by the Old Mutual Private Equity Fund IV (Fund IV) prior to Thoko Mokgosi-Mwantembe having been appointed as a Non-executive Director of the Company and OMLACSA. Fund IV is a limited liability partnership and the Group holds c.88% of the interest in Fund IV. In line with the nature of this structure, the Group has no influence over the investment decisions of this fund. These structures within the Group ensure that the independence of our asset management businesses is maintained. The underlying assets and liabilities of Fund IV have been consolidated into the Group's results and financial position as if it were a subsidiary in compliance with IFRS 10.

The transactions concluded with the Kutana Group of companies and fellow subsidiaries arose in the ordinary course of business and were conducted on the same commercial terms, including interest rates and security, as comparable transactions with third party counterparties. The transactions did not involve more than the normal risk of repayment, nor do they present any other unfavourable features to the Group.

Year ended 31 December Rm	2022	2021
Debt instruments held		
Preference shareholding – Luxanio 220 (RF) Proprietary Limited	315	277
Mezzanine debt – In2Food Group Proprietary Limited	60	42
Term loan A – In2Food Group Proprietary Limited	196	25
Term loan B – In2Food Group Proprietary Limited	200	137
Income earned		
Preference dividends accrued – Luxanio 220 (RF) Proprietary Limited	26	20
Mezzanine debt interest accrued – In2Food Group Proprietary Limited	1	–
Term loan A interest accrued – In2Food Group Proprietary Limited	2	1
Term loan B interest accrued – In2Food Group Proprietary Limited	2	1

Notes to the consolidated financial statements

For the year ended 31 December 2022

J: Other notes continued

J4: Contingent liabilities

The Group has provided certain guarantees for specific client obligations, in return for which the Group has received a fee. The Group has evaluated the extent of the possibility of the guarantees being called on and has provided appropriately.

Contingent liabilities – legal proceedings

The Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings that arise in the ordinary course of business. Legal expenses incurred in respect of these disputes and legal proceedings are expensed as incurred. Claims, if any, cannot be reasonably estimated at this time but the Group does not expect the ultimate resolution of any of the proceedings to which it is party to have a significant adverse effect on the financial position of the Group.

Tax

The Group is committed to conducting its tax affairs in accordance with the tax legislation of the jurisdictions in which the Group operates. All interpretations by management, are made with reference to the specific facts and circumstances of the transaction and in the context of relevant legislation, practice and directives. All positions taken are vigorously tested and are defensible.

Business and tax law complexity may result in the Group entering into transactions that expose the Group to tax, legal and business risks. Judgment is involved in determining whether there are uncertain tax positions. The Revenue Authorities in various jurisdictions in which the Group operates routinely review historic transactions undertaken and tax law interpretations made by the Group.

There are occasions where the Group's interpretation of tax law may be challenged by the Revenue Authorities. The financial statements include provisions that reflect the Group's assessment of liabilities which might reasonably be expected to materialise as part of their review.

The Board is satisfied that adequate provisions have been made to cater for the resolution of uncertain tax matters and that the resources required to fund such potential settlements, where necessary, are sufficient. Due to the level of estimation required in determining tax provisions amounts eventually payable may differ from the provision recognised.

Consumer protection

The Group is committed to treating customers fairly and supporting its customers in meeting their lifetime goals is central to how our businesses operate. We routinely engage with customers and regulators to ensure that we meet this commitment, but there is the risk of regulatory intervention across various jurisdictions, giving rise to the potential for customer redress which can result in retrospective changes to policyholder benefits, penalties or fines. The Group monitors the exposure to these actions and makes provision for the related costs as appropriate.

Old Mutual Unit Trust Managers and Living Hands Umbrella Trust case

The Living Hands Umbrella Trust (the 'Trust'), formerly known as the Matco Trust were invested in Old Mutual unit trust funds, which were administered by Old Mutual Unit Trusts Managers (RF) Proprietary Limited (OMUT).

In October 2004, OMUT was instructed by its client, Matco to disinvest the unit trust holdings. After verifying the authenticity of the disinvestment instruction, OMUT processed the disinvestment and transferred the cash value of the assets held at the time into the bank account of its client, Matco Trust. After receiving the deposits into its bank account, Matco placed the funds under the control of Fidentia Asset Management Proprietary Limited (Fidentia). OMUT believes that its actions were in accordance with its contract with Matco as well as the applicable laws and regulations.

The case was brought against OMUT by the Living Hands Umbrella Trust. The court found that although OMUT had acted in accordance with the client's instructions, it should have further interrogated the instruction and informed the regulator about it prior to effecting payment.

OMUT was granted leave to appeal the court judgment ordering OMUT to pay R1,6 billion on 12 December 2022 to the Supreme Court of Appeal. No further information is disclosed as the outcome of the liability, as quantified in the judgment of 12 July 2022, is subject to appeal proceedings.

Outcome of Zimbabwean commission inquiry

A commission of inquiry established by the Zimbabwean Government concluded its investigation into the loss in value for certain policyholders and beneficiaries upon the conversion of pension and insurance benefits after the dollarisation of the economy in 2009. On 9 March 2018, the results of the Zimbabwean Government's inquiry were made public.

On 12 July 2022, the Cabinet disclosed the Compensation Framework for value lost when insurance and pension values were converted from Zimbabwean dollars to United States dollars in 2009. Industry players have been invited to provide input before the final Statutory Instrument is promulgated.

Old Mutual has sought clarification and further guidance on certain provisions of the draft from the Insurance and Pensions Commission (IPEC), particularly those pertaining to the methodology and formulas to be used in determining compensation amounts. These engagements are currently underway as at the time of reporting. As such we are not currently able to establish what impact the Commission's finding will have on Old Mutual Zimbabwe.

Old Mutual Limited's intragroup guarantee of Travelers indemnification

In September 2001, Old Mutual Residual UK Limited (formerly Old Mutual plc), a wholly owned subsidiary of Old Mutual Limited, entered into an indemnity agreement with Fidelity and Guaranty Life Insurance Company (F&G), United States Fidelity and Guaranty Company, St. Paul Fire and Marine Insurance Company and Travelers Companies Inc. (the Indemnity Agreement). In terms of this Indemnity Agreement, Old Mutual Residual UK Limited agreed to indemnify Travelers Companies Inc. and certain of its Group companies (the Travelers Guarantors) against any and all claims that may be brought against the Travelers Guarantors under the historic guarantees given by the Travelers Guarantors for various obligations under certain life insurance policies and annuities issued by F&G, which obligations include a guarantee issued by the Travelers Guarantors. The liability in respect of this arrangement was limited to \$480 million. F&G has since signed a release agreement to agree they will not call on the guarantee in respect of these insurance policies and annuities.

In March 2018, Old Mutual Limited agreed to provide an intragroup guarantee to Old Mutual Residual UK Limited in the circumstances where Old Mutual Residual UK Limited is unable to satisfy its obligations in respect of the Indemnity Agreement. The likelihood of any material obligations arising under the Indemnity Agreement is considered to be remote given the release agreement entered into between Old Mutual Residual UK Limited and F&G, as well as the current financial strength and regulatory capital position of F&G, a licensed US life insurer.

J5: Commitments

The Group's management is confident that future net revenues and existing funding arrangements will be sufficient to cover these commitments.

At 31 December Rm	2022	2021
Investment property	580	716
Intangible assets	167	190

Future potential commitments

Old Mutual Finance Proprietary Limited put option

The Group and the Business Doctor Consortium Limited and its associates (Business Doctor) established Old Mutual Finance (RF) Proprietary Limited (Old Mutual Finance) as a 50/50 start-up strategic alliance in 2008. The Group increased its shareholding in Old Mutual Finance from 50% to 75% in 2014 by acquiring an additional 25% shareholding from Business Doctor for R1.100 billion. The Group's 75% shareholding in Old Mutual Finance is held by Old Mutual Capital Holding Proprietary Limited (OMCH), a wholly owned subsidiary of Old Mutual Emerging Markets Proprietary Limited (OMEM). OMCH has a call option to acquire Business Doctor's 25% shareholding in Old Mutual Finance, and Business Doctor has a put option to dispose of its 25% shareholding in Old Mutual Finance to OMCH, at market value on the occurrence of certain events, inter alia on the eighth and tenth anniversary (i.e. in 2022 and 2024 respectively) of the implementation date of the Old Mutual Finance Relationship Agreement. OMCH exercised its call option to acquire Business Doctor's 25% shareholding in Old Mutual Finance in November 2022. During December 2022, a market value of R1.082 billion was agreed between OMCH and Business Doctor as the purchase price for the 25% shareholding. In addition to acquiring the 25% shareholding, OMCH also acquired preference share and debt instruments held by Business Doctor in Old Mutual Finance at a total cost of R166 million. The total consideration was settled in January 2023.

OMCH's exercising of the call option also triggered an acquisition of a 25% shareholding held by Business Doctor in Old Mutual Finance Namibia Proprietary Limited by Old Mutual Holding Namibia Proprietary Limited (OMHN). A market value of N\$214 million was agreed between OMHN and Business Doctor as the purchase price for the shareholding. The purchase price was settled in February 2023.

Commitments under derivative instruments

The Group enters into option contracts, financial features contracts, forward rate and interest rate swap agreements, and other financial agreements in the normal course of business.

The Group has options to acquire further stakes in businesses dependent on various circumstances which are regarded by the Group as collectively and individually immaterial.

Other commitments

OMLACSA has entered into agreements where it has committed to provide capital to funds and partnerships that it has invested in. The total undrawn commitment is R17 776 million at 31 December 2022 (2021: R12 746 million).

Notes to the consolidated financial statements

For the year ended 31 December 2022

J: Other notes continued

J6: Cash flow information

Management considers it appropriate for all cash flows relating to Investment portfolios backing policyholder liabilities and supporting regulatory and Group risk adjusted minimum capital levels, to be reflected as cash flows from investing activities rather than as cash flows from operating activities.

Cash and cash equivalents

Cash and cash equivalents comprise:

- » Coins and bank notes;
- » Money at call and short notice; and
- » Balances with central banks (other than mandatory reserve deposits).

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. Cash and cash equivalents have a maturity of less than three months from the date of acquisition.

Cash and cash equivalents included in the cash flow statement comprise coins and bank notes, money at call and short notice, balances with central banks, mandatory reserve deposits held with central banks and cash and cash equivalents subject to the consolidation of funds.

Cash and cash equivalents held within Investment and Securities

Cash and cash equivalents held for investment purposes within the policyholder portfolio and cash held for risk management are included in Investment and securities and not for meeting short-term cash commitments, consequently only cash on demand is classified as cash and cash equivalents.

J6.1: Cash flows from operating activities

Year ended 31 December	2022	2021
Rm		
Non-cash movements and adjustments to profit before tax		
Amortisation and impairments of contract assets and liabilities	298	271
Amortisation and impairments of intangible assets	824	673
Depreciation and Impairments of property, plant and equipment	1 309	1 405
Impairments of loans and advances	1 079	667
Impairments in associate undertakings	–	(5)
Interest on borrowed funds	780	645
Profit/loss on disposal of subsidiaries, associates and strategic investments	17	36
Share of profit of associate undertakings and Joint Ventures	(118)	(1 385)
Fair value gains and losses on investments and securities	30 684	(115 236)
Fair value gains and losses on investment property	(6 814)	(2 285)
Fair value movement on policyholder liabilities	(7 657)	54 947
Non-fair value movements on policyholder liabilities	(32 260)	57 960
Fair value gains and losses on debt instruments	–	9
Fair value of share options	624	402
Other non-cash movements ¹	1 846	11 874
Total non-cash movements and adjustments to profit before tax	(9 388)	9 978
Changes in working capital		
Deferred acquisition costs	(353)	(389)
Deferred revenue	252	717
Reinsurers' share of long term business policyholder liabilities	4 186	(658)
Reinsurers share of general Insurance liabilities	(584)	2 895
Deposits held with reinsurers	(1)	1
Other assets	(13 079)	(1 564)
Other liabilities	28 804	2 985
Loans and advances ²	(2 961)	(924)
General insurance liabilities	442	(3 249)
General provisions	–	(1)
Retirement obligations and assets	(18)	8
Amounts owed to depositors	1 201	861
Effect of exchange rates	350	340
Consolidation of funds	17 567	165
Total changes in working capital	35 806	1 187

¹ Non-cash movements relates to Consolidation of Funds.

² As part of the ongoing disclosure enhancements, loans and advances have been disclosed separately.

J6.2: Cash flow restatement

Included in Investment and securities is cash and cash equivalents held for investment purposes within the policyholder portfolio and cash held for risk management in the statement of financial position. In considering the definition of cash and cash equivalents as per IAS 7 Statement of Cash Flows, these cash flows should be included in the statement of cash flows as 'cash flows from investing activities' as they comprise money at call and short notice. The classification has been amended by restating each of the affected financial statement line items for the prior period. The presentation of the statement of financial position was amended accordingly to include disclosure of cash and cash equivalents within the investments and securities line. There is no impact on the statement of comprehensive income.

The extent to which this amendment has impacted the statement of cash flows as at 31 December 2021 is set out in the following table:

Rm	As previously reported 31 December 2021	Amendment	Restated after 31 December 2021
Cash flows from investing activities			
Acquisition of financial investments	(14 089)	952	(13 137)
Net cash inflow from investing activities	(16 853)	952	(15 901)
Net increase/(decrease) in cash and cash equivalents	(582)	952	370
Cash and cash equivalents at beginning of the year	33 795	21 238	55 033
Total cash and cash equivalents at end of the year	33 126	22 190	55 316

J7: Acquisitions and disposals of businesses and other similar transactions

(a) Acquisitions of businesses during the current reporting period

The Group, through its wholly owned subsidiary, Old Mutual Insure Limited, acquired 51% of the share capital of ONE Financial Services Holding Proprietary Limited, a South African short-term insurance service provider, with effect from 3 January 2022, and is a business combination within the scope of IFRS 3. The acquisition forms part of the Group's growth strategy and will enable the Group to strengthen its distribution capabilities and non-insurance revenue streams by broadening the Group's base in the marketplace.

The non-controlling interest mentioned below was measured at their proportionate share of the acquiree's identifiable net assets. Goodwill of R261 million has been recognised mainly due to intangible assets that do not qualify for separate recognition.

Notes to the consolidated financial statements

For the year ended 31 December 2022

J7: Acquisitions and disposals of businesses and other similar transactions continued

(a) Acquisitions of businesses during the current reporting period continued

Details of the consideration paid, assets acquired and liabilities assumed, at fair value, are as follows:

Rm	Fair value recognised on acquisition date
Consideration at date of acquisition	
Cash ¹	515
Total consideration	515
Recognised amounts of identifiable assets acquired and liabilities assumed	
Goodwill and intangible assets	234
Property, plant and equipment	125
Deferred tax liabilities	(50)
Loans and advances	13
Current tax receivable	2
Trade, other receivables and other assets	305
Cash and cash equivalents	70
Current tax payable	-
Trade, other payables and other liabilities	(201)
Total identifiable net assets	498
Total non-controlling interest	(244)
Goodwill	261
Total	515

¹ Per the sales purchase agreement the purchase price comprised of a base amount of R515 million and earn out targets. In completing the Purchase Price Allocation (PPA) it does not appear that the earn out targets will be achieved. As a result, no adjustments to the base amount of R515 million were made.

From the date of acquisition, ONE Financial Services Holding Proprietary Limited contributed R38 million profit and R1 187 million to the Group profit after tax and total revenue respectively.

A summary of the total net cash outflow and cash and cash equivalents related to acquisition is included below:

Year ended 31 December	2022
Rm	
Summary of net cash outflows due to acquisitions	445

(b) Acquisitions of businesses prior the current reporting period

There were no acquisitions of businesses during the previous reporting period.

(c) Disposals of businesses and other similar transactions during the current reporting period

The Group disposed of Old Mutual International Guernsey Limited on 30 November 2022. Investments and securities and investment contract liabilities of R4 592 million were disposed of. The Group incurred a loss on disposal of R108 million. Other immaterial disposals amounted to R25 million loss on disposal.

(d) Disposals of businesses and other similar transactions during the prior reporting period

The loss on disposal of subsidiaries largely represents the loss incurred by OMREHC on the disposal of its investment in We Are Egg Proprietary Limited.

J8: Events after the reporting date

On 6 January 2023, Old Mutual Insure acquired 100% of Genric Insurance Company Limited, a diversified short-term insurer which focuses mainly on Accident and Health and other niche classes of insurance for a purchase consideration of R300 million.

Old Mutual Funeral Services Proprietary Limited, a wholly owned subsidiary of Old Mutual Limited, has entered into a Share Purchase Agreement to acquire a 75% equity stake in each of Two Mountains Underwriters Proprietary Limited, Two Mountains Burial Services Proprietary Limited and Two Mountains Financial Services Proprietary Limited (together 'Two Mountains'). Two Mountains is a licensed micro-insurer that distributes and underwrites funeral policies and provides undertaking services. The transaction is still subject to regulatory approvals, customarily associated with such transactions.

Old Mutual Holding Namibia Proprietary Limited, (OMHN) acquired a 25% shareholding held by Business Doctor Consortium Limited and its associates in Old Mutual Finance Namibia Proprietary Limited. A market value of N\$214 million was agreed between OMHN and Business Doctor as the purchase price for the shareholding. The purchase price was settled in February 2023.

Furthermore, continued loadshedding and the declaration of a National State of Disaster in South Africa will put additional pressure on our clients' disposable income as the economic impacts filter down to household level. We are however positive that the measures put in place through the state of disaster will accelerate the resolution of the energy crisis.

On 24 February 2023 South Africa was 'greylisted' by the Financial Action Task Force. While this decision could have potential financial and economic impacts, at Old Mutual, we do not expect South Africa's 'greylisting' to have a material impact on our relationship with our customers. Old Mutual has always taken care to safeguard our customers' investments with us and we will continue to do so through our processes and controls to manage the risk of money-laundering, proliferation, and terrorist financing.

Other than the aforementioned, the Directors are not aware of any material events (as defined per IAS 10 *Events after the Reporting Period*) after the reporting date of 31 December 2022 until the date of authorisation of these audited consolidated financial statements.

K: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated financial statements.

K1: IFRS 17 Insurance Contracts (IFRS 17)

1.1 Summary

IFRS 17 *Insurance Contracts* (IFRS 17) is a comprehensive new accounting standard for insurance contracts that governs recognition, measurement, presentation and disclosure. It was initially published by the IASB in May 2017, and will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005.

Whereas IFRS 4 allowed insurers to use existing local practice for the measurement of policyholder liabilities, IFRS 17 provides for a comprehensive and consistent approach to insurance contracts. The new standard will affect the financial statements and key performance indicators of all entities in the Group that issue insurance contracts (such as term and life insurance, life annuities, disability insurance, and property & casualty insurance) as well as investment contracts with discretionary participation features (such as with-profit annuities and smooth bonus investments). The most significantly impacted subsidiary will be Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA). However, all other Group entities with life and property & casualty insurance licences will also be impacted.

South African local practice for the measurement of policyholder liabilities under IFRS 4 for long-term insurers follows the Financial Soundness Valuation basis as set out in actuarial guidance issued by the Actuarial Society of South Africa in Standard of Actuarial Practice 104. Under this guidance, provisions are valued using realistic expectations of future experience, with margins for prudence and deferral of profit emergence. Local practice for the measurement of property & casualty insurance policyholder liabilities follows Advisory Practice Note 401 issued by the Actuarial Society of South Africa. For territories outside of South Africa, local actuarial practices and methodologies are applied.

IFRS 17 introduces a measurement model for insurance contracts based on the estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk (together these represent the fulfilment cash flows) and a contractual service margin (CSM).

Notes to the consolidated financial statements

For the year ended 31 December 2022

K: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

K1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.1 Summary continued

Estimates of the present value of future cash flows under IFRS 17 are calculated similarly to the local practice applied in South Africa under IFRS 4. The main difference between IFRS 4 and IFRS 17 measurement relates to how margins are calculated and released over time (i.e. compulsory and discretionary margins for prudence applied under IFRS 4, versus the risk adjustment for non-financial risk and CSM required under IFRS 17).

Contracts where components of the contract are currently separated between IFRS 4 and IFRS 9 'Financial Instruments' (IFRS 9) based on investment fund choice, can no longer be separated under IFRS 17. Investment contracts with smoothed bonus investment options meet the definition of an investment contract with discretionary participation features and are therefore accounted for under IFRS 17 as a whole, resulting in a reclassification from IFRS 9 to IFRS 17.

The default model is the General Measurement Model (GMM), which is mainly used for measuring life risk (including reinsurance) and annuity contracts. The GMM is supplemented by a specific modification called the Variable Fee Approach (VFA) for measurement of contracts where policyholders participate in underlying items (life savings contracts and other with-profits contracts). IFRS 17 also makes provision for a simplified approach, the Premium Allocation Approach (PAA), mainly for short-duration contracts. The majority of these are within the property & casualty businesses.

Regardless of the measurement model used, the basic revenue recognition principle of IFRS 17 is that profit is recognised over the lifetime of a group of insurance contracts, as services are provided, but losses are recognised immediately if the group of insurance contracts is onerous. No profit is recognised on initial recognition.

Under IFRS 17, the discount rate used to reflect the time value of money in the fulfilment cash flows must be based on the characteristics of the liability.

On transition, IFRS 17 requires the standard to be applied either retrospectively (full or modified retrospective approaches) or using the fair value approach. The Group has applied the full retrospective approach in instances where reliable and accurate data and actuarial models are available. For certain groups of contracts issued, the modified retrospective approach and the fair value approach were applied. Refer to section 1.4.5 for more information on transition to IFRS 17.

The standard is effective for reporting periods starting on or after 1 January 2023. As such, the 30 June 2023 interim financial statements will be the first interim results, and the 31 December 2023 annual financial statements the first annual results, presented on an IFRS 17 basis.

1.2 Estimated impact of the adoption of IFRS 17

The Group estimates that, based on assessments undertaken to date, the impact of initial application of IFRS 17 on the consolidated financial statements will be in the region of R3,750 million to R4,500 million decrease to the Group's total equity at 1 January 2022, net of adjustments relating to consequential amendments to other IFRS standards. This range has been determined in line with the principles underlying the use of ranges in trading statements as per the JSE's listing requirements. Total equity as at 31 December 2021 under IFRS 4 was R65,301 million. The increase in liabilities that results in the decrease in total equity is not material relative to the size of the total IFRS 17 liabilities (less than 1% change).

The impact on Group equity as a result of transition to IFRS 17 arises because of the different requirements of IFRS 17 compared to the accounting policies and actuarial methodologies used under IFRS 4. The differences include the removal of compulsory and discretionary margins that were required or allowed under IFRS 4 but not under IFRS 17, offset by the requirement to set up a CSM and risk adjustment under IFRS 17. The CSM and risk adjustment will be released into profit over time as service is provided and as risk expires, respectively.

The various portfolios of business in the Group are impacted in different ways by the transition to IFRS 17. The majority of the Group impact arises from OMLACSA, and within OMLACSA mostly from Mass and Foundation Cluster. The impacts for the other Group entities are less material. The most material impact observed is for the Mass and Foundation Cluster Risk portfolio where liabilities increase on transition to IFRS 17. IFRS 4 required the set-up of material lapse margins associated with expected higher levels of lapses at early durations for this portfolio – these margins were then released into profit at early durations under IFRS 4 as the high early lapse risk expired. Under IFRS 17 the CSM is released more slowly as service is provided – as noted in section 1.4.3(g) the measure of service provided for this portfolio is based on the sum assured for the contracts rather than the level of lapses. This, together with a history of favourable basis changes following management and other interventions that increase the CSM under IFRS 17 rather than directly impacting profit as was the case under IFRS 4, result in an increase in liabilities which will be released over time into profit.

The reporting requirements introduced by IFRS 17 also result in a shift of liabilities for segmental reporting purposes, with no overall impact for OMLACSA or the Group, from Old Mutual Corporate to Personal Finance and Wealth Management. (refer to section 1.4.1(b)).

The Group continues to evaluate the impact of the adoption of the standard and to refine the new financial reporting processes, systems and controls required for the application of IFRS 17. As noted above, the Group will report under the new standard for the first time for the half-year ended 30 June 2023, and will provide restated comparative information for 2022 together with those interim and then the annual financial statements for 2023. The restated comparative information will include the impact on the IFRS 17 financial statements of assumption and model changes made as at 31 December 2022.

IFRS 17 is an accounting standard change that does not change the underlying economics of our business or our strategy. While IFRS 17 does result in changes to the timing of profit recognition from insurance contracts, it does not change the overall level of profit. It does not have any impact on our non-insurance, for example asset management, businesses.

1.3 IFRS 17 Implementation Programme

In 2017 the Group instituted an implementation programme under the sponsorship of the Chief Financial Officer, who chaired a steering committee consisting of senior finance, actuarial and information technology executives from impacted business areas. Each major IFRS 17 focus area (i.e. Group, Old Mutual Africa Regions and Old Mutual Insure) was also governed by a delivery committee, which consisted of senior finance and actuarial managers who made decisions on scope, design and enablement for their relevant focus areas. IFRS 17 Projects were also mobilised in segments and countries during 2019, each with its own governance and decision-making forums. All decisions relating to the interpretation of the standard (i.e. policies and methodologies) were made by a Technical Review Committee, which consisted of actuarial and finance subject matter experts across the Group. Ratification of major decisions was done by the steering committee. Programme resources include a mix of dedicated and shared internal technical experts, as well as external consultants where appropriate.

Work on the finalisation of key policy and methodology decisions is complete.

Actuarial modelling development was completed in 2022. The build of a robust financial data model, CSM calculation engine and results repository was initiated in 2019 and the key focus in 2022 was completing the remaining build and testing activities and ensuring successful user adoption across the Group. The Group also undertook a number of dry run and user acceptance testing exercises during 2022.

Design of disclosures continued in 2022, as did related build and enhancements to reporting and disclosure tools.

Group assurance roles are fulfilled by Group Internal Audit as well as second-line internal control functions. Group assurance on policy and methodology decisions is complete. Their reviews on transition methodology, approaches and results, as well as new modelling and reporting solutions are substantially complete. The assurance by Group assurance on the process control environment across the Group was initiated in 2021, continued throughout 2022 and will be completed in early 2023.

For the purposes of the IAS 8 disclosures included within this audited set of Annual Financial Statements, the external auditors have performed procedures, including evaluating the decisions made by management as well as Group Assurance results to date. These procedures include, but are not limited to, evaluating the transition methodology decisions, product classification, other policy and methodology decisions relevant to the IFRS 17 results, as well as performing audit procedures over the valuation of portfolios considered material to the disclosures provided. The auditors have reported on the annual financial statements as a whole.

1.4 Overview of IFRS 17

All references to insurance contracts apply to insurance contracts issued or acquired, reinsurance contracts held and investment contracts with discretionary participation features, unless specifically stated otherwise.

1.4.1 Classification of insurance contracts

(a) Identifying the contracts in scope of IFRS 17

The definition of an insurance contract has remained largely the same under IFRS 17 as it was under IFRS 4, thus the adoption of IFRS 17 does not significantly change the classification of the Group's insurance contracts (other than contracts with investment fund choice, as set out below). Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. Some investment contracts issued by the Group contain discretionary participation features, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Group accounts for these contracts under IFRS 17.

(b) Separation or combination of components

Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately: (i) specified embedded derivatives, (ii) distinct investment components and (iii) distinct goods or services other than insurance contract services from insurance contracts. The Group does not issue any insurance contracts that contain distinct embedded derivatives, distinct investment components or distinct goods or services.

Contracts where components of the contract are currently separated between IFRS 4 and IFRS 9 based on investment fund choice, can no longer be separated under IFRS 17. Investment contracts with smoothed bonus investment options meet the definition of an investment contract with discretionary participation features and are therefore accounted for under IFRS 17 as a whole, resulting in a reclassification from IFRS 9 to IFRS 17.

Where Old Mutual Corporate smoothed bonus investment options are made available to Personal Finance and Wealth Management policyholders, such funds were previously accounted for under the Old Mutual Corporate segment results. Under IFRS 17, the entire contract will be accounted for in the segment that issues the contract. This results in a reallocation of funds under management between segments, but with no overall impact.

Notes to the consolidated financial statements

For the year ended 31 December 2022

K: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

K1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.4 Overview of IFRS 17 continued

1.4.1 Classification of insurance contracts continued

(c) Level of aggregation

IFRS 17 defines the level of aggregation to be used for measuring insurance contracts and reinsurance contracts held distinctly and requires these contracts to be assessed for aggregation requirements on an individual contract basis.

Since the Group manages insurance contracts issued by product lines within an operating segment, insurance contracts within a product line that are subject to similar risks and are managed together are aggregated into a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reassessed, unless there is a modification.

The Group determines the level of aggregation for reinsurance contracts held separately from insurance contracts issued. Similar to insurance contracts issued, reinsurance contracts held are first assessed to identify portfolios of contracts held that are subject to similar risks and managed together. Next, the Group allocates the portfolios of reinsurance contracts held into cohorts of contracts that were initially recognised no more than 12 months apart – typically contracts concluded within a calendar year. Lastly, cohorts (within portfolios) of reinsurance contracts held are split into groups of (i) contracts for which there is a net gain at initial recognition; (ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts.

For each portfolio of insurance contracts, the Group determines the level at which reasonable and supportable information is available to assess the profitability of a set of contracts as a whole. The Group uses judgement to determine this appropriate level of granularity for which the reasonable and supportable information is sufficient. Where the evidence is sufficient, the Group concludes that the set of contracts is adequately homogeneous and will be allocated to the same profitability group without performing individual contract assessment.

The Group's interpretation of "becoming onerous" is establishing a loss component for the group of contracts. Financial risks are included in the assessment of "no significant possibility of becoming onerous" for contracts measured under the VFA.

For contracts measured under the PAA, the Group assesses the facts and circumstances as at initial recognition of the contracts, to ascertain whether they should be grouped as onerous. Where facts and circumstances do not indicate such contracts to be onerous as at initial recognition, they are assumed to be non-onerous. Facts and circumstances comprise all management, valuation and pricing information.

The level of aggregation requirements of IFRS 17 limit the cross-subsidies between profitable groups of contracts, for which profit is deferred through the CSM, and onerous groups of contracts, where losses are recognised immediately.

(d) Initial recognition

At initial recognition, groups of insurance contracts issued are recognised from the earliest of the following:

- » The beginning of the coverage period
- » The date when the first payment from the policyholder is due or actually received if there is no due date
- » When the group determines that a group of contracts becomes onerous

Only contracts that individually meet one of the recognition criteria for the group by the end of the reporting period are included in the group.

Investment contracts with discretionary participation features are initially recognised at the date the Group becomes a party to the contract. The Group becomes party to a contract when it accepts the first payment, which is the date from which it has an obligation to provide investment-return or investment-related service.

1.4.2 Measurement model

The GMM applies to all insurance contracts, except for those where policyholders participate in underlying items. These are contracts where the Group takes on significant insurance risk, for example life insurance and life annuity contracts. The GMM also applies to reinsurance contracts held.

Insurance contracts where policyholders participate in underlying items are defined to mean investment-related service contracts where the benefits depend substantially on the fair value of an underlying item, where this assessment is performed at initial recognition, at a contract level, on a present value probability-weighted average basis.

The VFA applies to these contracts. The VFA is a variation on the GMM and deals with participating business where payments to policyholders are contractually linked and vary substantially with the fair value of the underlying items. The VFA introduces the concept of a variable fee, which is the Group's share of the income from the underlying items as a fee for the investment return or investment-related services it provides.

The Group applies the simplified model, the PAA, to all groups of contracts which contain only contracts with coverage periods of one year or less. In addition to the contracts with coverage of less than one year, the Group applies the PAA for the measurement of some groups of contracts where it reasonably expects that such a simplification would produce a measurement of the liability for remaining coverage that would not differ materially from the one that would be produced by applying the GMM.

1.4.3 Measurement of insurance contracts

(a) Liability components

A group of insurance contracts is measured as the sum of the Liability for Remaining Coverage (LFRC) and the Liability for Incurred Claims (LIC). These components relate to the provision of future service and past service respectively.

The LFRC is defined as the sum of the following components:

- » Fulfilment cash flows related to future service, which comprise:
 - Best estimate of future cash flows
 - Risk adjustment for non-financial risk
- » CSM

The LIC is structured similarly to the LFRC, except for the CSM. The LIC consists of the following:

- » Fulfilment cash flows related to past service, which comprise:
 - Best estimate of future cash flows
 - Risk adjustment for non-financial risk

On initial recognition, there is no difference in measurement of insurance contracts, including the CSM, between the GMM and VFA. The key difference between the VFA and the GMM is evident at subsequent measurement.

The PAA measures the LIC in the same way as the GMM and VFA, but measures the LFRC differently. Refer to Section 1.4.3(i).

(b) Best estimate of future cash flows

The best estimate of the future cash flows of an insurance contract (or group of contracts) is the current estimate of the future cash flows within the insurance contract boundary that the Group expects to collect from premiums and pay out for benefits and expenses, adjusted to reflect the time value of money and financial risk (including uncertainty) associated with those amounts. The adjustment for time value of money and financial risk is allowed for using current discount rates, only to the extent that the adjustments are not already allowed for in the estimates of cash flows.

In measuring the best estimate of the future cash flows for a contract or a set of contracts issued by entities within the Group, the estimates of future cash flows:

- » Are based on a probability-weighted mean of the full range of possible outcomes
- » Are determined from the perspective of the Group entity, provided the estimates are consistent with observable market prices for market variables
- » Reflect conditions existing at the measurement date

The Group estimates certain future cash flow components at higher levels and then allocates such estimates to groups as required. Where the Group estimates future cash flow components at a level more granular than IFRS 17 groups, it aggregates the results to the required level. For the LIC specifically, entities within the Group measure the future cash flows at a portfolio level, or at a higher level of aggregation and then allocate to portfolios thereafter.

Investment guarantees embedded in insurance contracts are measured using stochastic modelling because the guarantee does not move symmetrically with different investment return scenarios. The Group's measurement of the investment guarantee reserves incorporates a full range of scenarios representing possible future investment return (or interest rate) environments.

The Group uses assumptions to develop estimates about future cash flows, where the assumptions are:

- » Current (reflecting all the available information around existing conditions, past events and expectations/forecasts of future conditions)
- » Reassessed at each reporting date (and adjusted where required)
- » Based only on substantively enacted legislation at the reporting date

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for underlying insurance contracts issued and the related reinsurance contracts held.

Notes to the consolidated financial statements

For the year ended 31 December 2022

K: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

K1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.4 Overview of IFRS 17 continued

(c) Cash flows within the boundary of insurance contracts

Cash flows are within the boundary of an insurance contract, and considered in the measurement thereof, if they arise from rights and obligations that exist during a period in which the policyholder is obligated to pay premiums or the issuing entity has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends at a single point in time (i.e. the reassessment date) when either:

- » The Group has the practical ability, for a particular contract, to both:
 - Reassess the risk
 - Set a price or level of benefits that fully reflects the reassessed risk

(or)

Both of the following criteria are satisfied:

- The Group has the practical ability to reassess the risk of the portfolio of contracts and set a price or level of benefits, such that the reassessed risk of the portfolio is fully reflected by the level of premiums and benefits (for the portfolio) at the reassessment date
- The level of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date – i.e. there is no material pre-funding

In assessing an entity's practical ability to reprice, the Group only considers policyholder risks (transferred from the policyholder to the issuing entity) such as insurance risk and financial risk. Other risks (such as lapse, surrender and expense risk) are not included in the assessment of the Group's practical ability to reprice.

Cash flows outside the insurance contract boundary relate to future insurance contracts and are recognised by the Group only when those contracts meet the recognition criteria.

Cash flows are within the boundary of an investment contract with discretionary participation features if they result from a substantive obligation to deliver cash at a present or future date.

For reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are not included in the measurement of the future cash flows, and therefore recognised as other operating expenses as incurred.

The Group includes as acquisition cash flows within the insurance contract boundary all cash flows that arise from selling, underwriting and/or starting a group of insurance contracts that are costs directly attributable to the:

- » Individual contracts and groups of contracts
- » The portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts

Tax paid in a fiduciary capacity and related receipts is included in the measurement of future cash flows. The Group will also include income tax payments and related receipts if they are specifically chargeable to the policyholder under the terms of the contract.

The Group includes in the measurement of the future cash flows, investment expense cash flows that relate to providing an investment-return or investment-related service. Therefore, the Group will include the investment expenses incurred on any underlying item. Where there is no investment-return or investment-related service, the Group further includes investment expenses where it performs investment activities to enhance the benefits from insurance coverage for the policyholder.

Risk sharing (mutualisation) applies where contracts in different groups share returns on a specified pool of underlying items (e.g. because they share in a single Bonus Smoothing Account). Where mutualisation applies, the Group adjusts the future cash flows for a group of contracts to include payments to policyholders in other groups arising from existing contracts in the group.

Insurance and reinsurance contract assets and liabilities include all obligations in respect of the contracts, therefore included in the LFRC is an allowance for:

- » Premium debtors
- » Premium creditors

The Group includes the following components in the measurement of the LIC, comprising the future cash flows related to past service:

- » Outstanding claims estimates for events that have already occurred and been reported
- » Additional incurred claims estimates for events that have already occurred, but have not been reported
- » Claims in payment liabilities for income and premium protection products, as it relates to certain events that have already occurred
- » Incurred investment components
- » Earned reinsurance recoveries

The Group treats incurred claims that are subject to insurance risk as a LFRC only if coverage is reinstated upon recovery, otherwise as a LIC

(d) Risk adjustment for non-financial risk

Cash flows from insurance contracts involve a high degree of uncertainty regarding the timing and amount of a potential claim and may also include changes in assumptions made about the business or policyholder's behaviour. To account for this, IFRS 17 allows for explicit risk adjustments for non-financial risks that are determined to reflect the compensation that the Group would require for bearing such risk. These are determined separately for the property & casualty and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups.

Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the Group, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The risk adjustment for non-financial risk is determined using a confidence level technique. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

In applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over a one-year time horizon.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service results and insurance finance income or expenses.

(e) Measurement of the CSM at initial recognition

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued, representing the future profits expected to be recognised for that group as coverage is provided.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- » The initial recognition of the fulfilment cash flows
- » The derecognition at the date of initial recognition of any asset recognised for insurance acquisition cash flows
- » The derecognition at the date of initial recognition of any other asset or liability, for cash flows relating to the group of contracts
- » iv. Cash flows arising from the contracts in the group at that date

If the above would imply a negative CSM at the date of inception, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately. For onerous groups of insurance contracts, no CSM is recognised on the balance sheet on initial recognition.

For groups of reinsurance contracts held, the CSM represents the net gain or loss that the Group will recognise over the reinsurance coverage period. The Group does not recognise an immediate gain or loss on recognising a reinsurance contract except if:

- » The reinsurance was purchased on events that occurred before the purchase
- » In the case of proportionate reinsurance contracts, the Group recognised a loss on initial recognition of an onerous group of underlying contracts or on addition of onerous underlying contracts to that group

The loss recovery component at initial recognition of a group of reinsurance contracts is set equal to the amount recognised as income in profit or loss, in the event of onerous underlying insurance groups.

(f) Subsequent measurement of the CSM (adjustments)

The CSM is adjusted at the end of each reporting period. These adjustments differ according to the measurement model of the group of insurance contracts.

The Group calculates and tracks the CSM in the functional currency of the entity in which the contract was written. On consolidation, the financial information in the functional currency is translated into the Group's presentation currency at spot rates. The functional currency is the monetary unit of account of the principal economic environment in which an economic entity operates.

Notes to the consolidated financial statements

For the year ended 31 December 2022

K: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

K1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.4 Overview of IFRS 17 continued

GMM

For insurance contracts measured under the GMM, the CSM is adjusted to reflect the effect of the following changes:

- » The addition of CSM for new contracts recognised for the first time in the current reporting period
- » The interest accreted on the carrying amount of the CSM
- » Changes in the fulfilment cash flows relating to future service are recognised by adjusting the CSM. These changes are recognised in the CSM to the extent the CSM is available. When an increase in the fulfilment cash flows exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LFRC. When the CSM is zero, changes in the fulfilment cash flows adjust the loss component within the LFRC with corresponding changes to insurance service expenses. The excess of any decrease in the fulfilment cash flows over the loss component reduces the loss component to zero and reinstates the CSM
- » The effect of any currency exchange differences
- » Release of the CSM for the amount recognised as insurance revenue for services provided during the period determined after all other adjustments above

Interest is accreted on the CSM for contracts measured under the GMM using discount rates determined at initial recognition that are applied to nominal cash flows (locked-in discount rates). Assumptions relating to financial risk are locked in using the functional currency of the relevant entity.

The following adjustments for insurance contracts measured under the GMM relate to future service and thus adjust the CSM:

- » Experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes
- » Changes in estimates of the present value of future cash flows in the LFRC, except those relating to the effect of the time value of money and the effect of financial risk and changes thereof
- » Differences between any investment component expected to become payable (plus any insurance finance income or expenses related to that expected payment before it becomes payable in the period) and the actual investment component that becomes payable in the period
- » Differences between any policyholder loan expected to become repayable (plus any insurance finance income or expenses related to that expected repayment before it becomes repayable in the period) and the actual investment component that becomes repayable in the period
- » Changes in the risk adjustment for non-financial risk that relate to future service

All changes are measured at the locked-in discount rates.

The following adjustments do not relate to future service and thus do not adjust the CSM:

- » Changes in the fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof
- » Changes in the fulfilment cash flows relating to the LIC
- » Experience adjustments relating to current service

The changes above do not adjust the CSM and flow directly into profit or loss.

The Group performs a full-year calculation for year-end reporting, in which the CSM is accreted for interest under the GMM from the end of the previous annual reporting period up to the next annual reporting period. Only thereafter is the CSM adjusted for changes in the fulfilment cash flows that relate to future service and a portion of the CSM allocated to revenue. The Group has made the accounting policy choice to change the treatment of accounting estimates for interim financial statements in the annual reporting period.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the fulfilment cash flows in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying fulfilment cash flows related to future service are recognised in insurance service expenses by adjusting the loss component, respective changes in the fulfilment cash flows of reinsurance contracts held are also recognised in the insurance service result.

The loss recovery component for a group of reinsurance contracts held is increased for additional income recognised in profit and loss in the case of new onerous underlying contracts issued. The loss recovery component is further adjusted at the end of each reporting period in a manner consistent with the adjustments to the loss component on underlying groups of contracts.

VFA

The VFA modifies the treatment of the CSM to accommodate contracts where policyholders participate in underlying items. The modifications are mostly related to the treatment of movements in the entity's share of the assets backing the contracts or underlying items (other profit-sharing items). Changes in the entity's share of the underlying items (fair value changes) are not recognised immediately in profit or loss. Instead, they adjust the CSM and are subsequently released to insurance revenue over the remaining life of the contract (the coverage period).

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

- » Changes in the Group's share of the fair value of the underlying items, except to the extent that the Group has applied the risk mitigation option to exclude, from the CSM, changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows
- » Changes in the fulfilment cash flows that do not vary based on the returns of underlying items:
 - Changes in the effect of the time value of money and financial risks including the effect of financial guarantees
 - Experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes
 - Changes in estimates of the present value of future cash flows in the LFRC, except items not related to future service as described below
 - Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period
 - Differences between any policyholder loan expected to become repayable in the period and the actual policyholder loan that becomes repayable in the period
 - Changes in the risk adjustment for non-financial risk that relate to future service

All adjustments are measured using current discount rates.

For insurance contracts under the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:

- » Changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items
- » Changes in the fulfilment cash flows that do not vary based on the returns of underlying items
 - Changes in the fulfilment cash flows relating to the LIC
 - Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows)

The Group uses derivatives and non-derivative financial instruments measured at fair value through profit or loss to manage some of the financial risk created by contracts measured under the VFA. In order to ensure that the fair value movement on the hedging instruments offsets (as far as possible) the fair value movement on the fulfilment cash flows, the Group has elected to recognise the changes in financial risk of its share of the fair value of the underlying items that are mitigated with the use of derivatives in profit or loss and not to adjust the CSM. Similarly, the Group has elected to recognise the changes in financial risk in cash flows that do not vary with the underlying item that is mitigated by the use of derivatives and non-derivative financial instruments in profit or loss and not to adjust the CSM.

(g) Subsequent measurement of the CSM (allocation)

The amount of the CSM recognised in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

Coverage units represent a measure of insurance contract services, which could include insurance service or investment service; or a combination of these. Investment service can be further split between investment-return services, applicable to the GMM, or investment-related services, applicable to the VFA.

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage duration.

The principle for the number of benefits for the insurance service coverage unit is the amount the policyholder is able to validly claim in each period if an insured event occurs (typically the sum assured). Similarly, the investment service coverage units should represent the assets that the insurer is investing or managing on behalf of the policyholder.

Notes to the consolidated financial statements

For the year ended 31 December 2022

K: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

K1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.4 Overview of IFRS 17 continued

Summarised in the table below are the coverage units that best represent a set of benefit types:

Benefit type	Coverage unit
» Lump sum pure risk benefits	» Projected total sum assured in-force
» Income protection benefits (payable in the event of death or where the disability-insured event is defined as the policyholder becoming sick or disabled)	» Present value of regular payments on claim inception
» Income protection benefits (where the disability-insured event is defined as the policyholder becoming and continuing to be sick or disabled)	» Projected regular payment in-force
» Waiver of premium benefits (payable on death or where the insured event is defined as the policyholder becoming sick or disabled)	» Present value of waived premiums on claim inception
» Waiver of premium benefits (where the insured event is defined as the policyholder continuing to be sick or disabled)	» Projected waived premium in-force
» Guaranteed and inflation-linked annuities	» Projected annuity payment in-force
» Reinsurance benefits	» Projected total reinsurance sum assured in-force
» Investment contracts with discretionary participation features	» Underlying item (policyholder account balance plus bonus smoothing account)
» Universal life contracts where policyholders participate in the underlying item	» Higher projected total sum assured in-force (excluding accelerated benefits) and underlying item (policyholder account balance plus bonus smoothing account)
» Conventional reversionary bonus contracts	» Projected total sum assured in-force (including projected bonuses)

Where both insurance and investment services are provided the sum of insurance and investment coverage units is used, where the relevant coverage units are determined based on the benefits discussed above.

The Group reflects the time value of money in the allocation of the CSM to expected future coverage units.

(h) Loss component (LC)

The loss component is the part of the LFRC that represents the excess of outflows over inflows for a group of loss-making contracts.

The Group will determine and track the loss component in a manner consistent with the methodology used to determine and track the CSM for profitable contracts. The loss component for contracts will therefore be:

- » Set up measuring changes in the fulfilment cash flows at locked-in rates for contracts measured under the GMM and current rates for contracts measured under the VFA
- » Accreted for interest at locked-in rates under the GMM
- » Unlocked for changes in fulfilment cash flows that relate to future service, consistent with the changes that would have adjusted the CSM
- » Allocated in subsequent periods using the same coverage units as would have been used to allocate the CSM for a group to revenue in each period

Decreases in the fulfilment cash flows that relate to future service in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the fulfilment cash flows that relate to future service in subsequent periods increase the loss component.

The allocation of the loss component, which represents the portion of expected claims and expenses and reduction in the risk adjustment for non-financial risk allocated from the loss component in each period, are excluded from revenue and insurance service expenses.

(i) Measurement under the PAA

Under the PAA, the Group measures the LFRC as the premiums received, net of insurance acquisition expenses paid, less the amount recognised as insurance revenue for services provided, net of amortisation of insurance acquisition expenses, unless the Group chooses to expense insurance acquisition cash flows on groups of contracts measured under the PAA where the coverage period is one year or less. This election is made at a portfolio level and is applied consistently over time to all groups which meet the criteria.

For groups of contracts measured under the PAA, if at any time in the coverage period facts and circumstances indicate a group to be onerous, the Group raises an additional loss component under the LFRC, such that the total LFRC is equal to the remaining coverage fulfilment cash flows as measured under the GMM. This additional loss component liability is reassessed at the end of each subsequent reporting period. The set-up and subsequent adjustments to the additional loss component liability under the PAA are recognised as losses or reversals of losses in insurance service expenses.

For all groups of insurance contracts that are measured under the PAA for which insurance service expense cash flows are expected to be paid or received more than 12 months after they are incurred, the Group adjusts the LIC for the effect of time value of money and financial risk.

The Group allows for the effect of time value of money in the measurement of the remaining coverage fulfilment cash flows, used to determine the PAA LFRC allocated to the loss component, for all groups of insurance contracts where an allowance is made for the time value of money in the measurement of the LIC.

If required, the Group establishes a loss recovery component for groups of reinsurance contracts held that are measured under the PAA, to the extent that the underlying insurance contracts issued have a loss.

(j) Discount rates

The Group determines the discount rate as the risk-free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium). The risk-free yield is derived using either government bond or swap rates available in the market denominated in the same currency as the product being measured. The illiquidity premium is then added where relevant. This is usually determined as the difference in spread between an illiquid portfolio and a liquid risk-free curve, adjusted for credit risk.

Where risk-free yields are not available, for example because there is not a deep and liquid market for bonds, a method that maximizes the use of observable data is chosen.

Management uses judgement to assess liquidity characteristics of the liability cash flows. Guaranteed annuity contracts, including inflation-linked annuities are considered less liquid than the financial assets used to derive the risk-free yield.

The Group values cash flows that vary with an underlying item by performing a risk-neutral projection and discounting at the risk-free rate.

The locked-in discount rate is the rate at initial recognition of a group of contracts measured under the GMM. For interest rate-sensitive products, such as guaranteed annuities, a weighted average yield curve is determined. For other groups of contracts, the yield curve at the start of the period over which contracts in a group are recognised is used.

The Group uses a market-implied inflation rate to determine future cash flows linked to inflation, where such a rate is available. Estimates of future expenses are adjusted using the market-implied inflation rate (where available), plus or minus an adjustment specific to the product or the entity. The market-implied inflation rate is classified as an assumption that relates to financial risk, and changes which do not unlock the CSM under the GMM.

1.4.4 Presentation and disclosure

The overarching objective of IFRS 17 is to establish principles for the disclosure of insurance contracts which provides a basis for users of the financial statements to assess the effect that insurance contracts have on an entity's financial position, financial performance and cash flows.

Presentation and disclosure of insurance contracts and reinsurance contracts held in the Group's consolidated financial statements under IFRS 17 differ significantly when compared to IFRS 4.

Consolidated statement of financial position

For presentation in the statement of financial position, the Group aggregates portfolios of insurance contracts and reinsurance contracts held and presents separately:

- » Portfolios of insurance contracts that are assets
- » Portfolios of reinsurance contracts held that are assets
- » Portfolios of insurance contracts that are liabilities
- » Portfolios of reinsurance contracts held that are liabilities

Notes to the consolidated financial statements

For the year ended 31 December 2022

K: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

K1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.4 Overview of IFRS 17 continued

Consolidated income statement

The line items in the statement of profit or loss and other comprehensive income have changed significantly compared with IFRS 4. Under IFRS 4 the Group reported the following line items:

- » Net earned premiums
- » Net claims and benefits incurred (including Change in insurance contract provisions)

Instead, IFRS 17 introduces a comprehensive framework which provides information that distinguishes the two key drivers of insurance contract profitability, whereby insurers typically earn profits:

- » **Insurance Service Result**, consisting of **insurance revenue** minus insurance service expenses, which provides information about the profit earned from providing insurance coverage
- » **Investment Result**, consisting of investment income minus **finance income or expenses** from insurance contracts, providing information on management of financial risk

The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- » Amounts relating to changes in the LFRC:
 - Insurance claims and expenses incurred in the period as expected at the start of the period, excluding:
 - Amounts related to the loss component
 - Repayments of investment components
 - Insurance acquisition expenses
 - Amounts related to income tax that are specifically chargeable to the policyholder
 - Changes in the risk adjustment for non-financial risk, excluding:
 - Changes included in insurance finance income or expenses
 - Changes that relate to future coverage (which adjust the CSM)
 - Amounts allocated to the loss component
 - Amounts of the CSM recognised in profit or loss for the services provided in the period
 - Experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes
- » Insurance acquisition cash flow recovery is determined by allocating the portion of premiums related to the recovery of those cash flows as services are provided over the expected coverage of a group of contracts.

The insurance revenue recognised for insurance contract services provided in the period, for contracts measured under the PAA, is the portion of expected premium receipts allocated to the period. The Group allocates expected premiums equally to each period of related insurance contract services – i.e. based on the passage of time – unless the expected pattern of the release of risk during the coverage period differs significantly from an even basis. In the latter case, expected premium receipts are allocated to the period based on the expected timing of incurred claims and other incurred insurance service expenses.

Insurance service expenses include the following:

- » Claims incurred in the period, excluding any investment components, and other directly attributable insurance service expenses incurred in the period
- » Amortisation of insurance acquisition cash flows, which is equal to the amount recognised in insurance revenue
- » Changes that relate to past service (i.e. changes in the fulfilment cash flows relating to the LIC)
- » Losses on onerous groups of contracts (i.e. the loss on setting up a loss component) and reversals of such losses which represent changes that relate to future service
- » Income or expenses from reinsurance contracts held

The Group has elected to present a single net amount in profit or loss in respect of net income or expenses from reinsurance contracts held.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- » The effect of the time value of money and changes in the time value of money
- » The effect of financial risk and changes in financial risk

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- » Interest accreted on the CSM (at locked-in rates)
- » The effect of unwinding of discounting on the fulfilment cash flows
- » The effect of changes in fulfilment cash flows at current rates, when the corresponding CSM unlocking is measured at the locked-in rate
- » The effect of changes in interest rates and other financial assumptions

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

- » Changes in the fair value of underlying items
- » Changes in the effect of financial risk recognised in profit and loss, applying the risk mitigation option

The Group has chosen not to disaggregate insurance finance income and expenses between profit or loss and Other Comprehensive Income. All insurance finance income and expenses for the period are presented in profit or loss.

Notes to the consolidated financial statements

The Group will provide disaggregated qualitative and quantitative information in the notes to the financial statements about:

- » Amounts recognised in its financial statements from insurance contracts
- » Significant judgements, and changes in those judgements, when applying the standard

These disclosures will provide more granular information for assessing the effects of contracts on the financial statements than what was disclosed under IFRS 4.

1.4.5 Transition to IFRS 17

Selection of transition approach

The Group has adopted IFRS 17 by applying the full retrospective approach wherever practicable to do so for groups of contracts in force as at 1 January 2022, as required by IFRS 17.

The Group considers a retrospective calculation to be impracticable if historical contract data (including data on past assumptions and actual cash flows) or calculation models do not exist, cannot be obtained or approximated without applying hindsight, or cannot be obtained, built or suitably modified by applying every reasonable effort to do so. The Group applied judgement in assessing these criteria.

The Group has determined that for certain groups of contracts, such information was not available. To the extent that it is impracticable to apply the full retrospective approach, the Group applied the modified retrospective approach or the fair value approach to groups of contracts in force as at 1 January 2022.

Where information required for the modified retrospective approach was not available without undue cost or effort, or cannot be reliably estimated, the Group applied the fair value approach. The Group applied judgement in assessing these criteria.

Application of IFRS 17 at 1 January 2022, required the Group to:

- » De-recognise any existing balances that would not exist had IFRS 17 been applied and recognise the IFRS 17 balances that replace these
- » Recognise a net deferred tax asset based on the net impact of de-recognising such balances and the IFRS 17 balances that would replace these, in accordance with tax regulations concerning the implementation of IFRS 17 as issued for jurisdictions where the Group operates
- » Recognised any resulting net difference in equity

Full retrospective approach

Under the full retrospective approach, the Group identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied. The full retrospective approach was used for all groups of contracts, other than where noted below.

Modified retrospective approach

The modified retrospective approach aims to achieve results that are as close as possible to the full retrospective approach using the information available for these groups of insurance contracts. These modifications and simplifications, as permitted by IFRS 17, are therefore only used to the extent that information required to apply the full retrospective approach is not available. This specifically applies to identification and classification of groups of insurance contracts, as well as determination of CSM or loss components to be recognised.

The Group has applied the modified retrospective approach for certain groups of contracts in portfolios in OMLACSA and OMLAC Nam.

Notes to the consolidated financial statements

For the year ended 31 December 2022

K: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

K1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.4 Overview of IFRS 17 continued

The Group applied judgement to determine which modifications to use for each group of contracts. The following modifications were used (noting that this is the full list of all modifications used and that not all modifications were used for all groups of contracts applying the modified retrospective approach):

- » Modifications related to the classification and grouping of contracts:
 - Information available at the transition date was used to group contracts according to profitability and determine whether an insurance contract would qualify as an insurance contract eligible for the VFA
 - Contracts issued more than one year apart were aggregated into groups, whereas the full retrospective application would have required contracts to be aggregated into groups including only contracts issued within one year of each other
- » Modifications related to measurement at date of initial recognition:
 - Future cash flows at the date of initial recognition were estimated as the amount of the future projected cash flows at the transition date (or earlier date where feasible), adjusted by the actual cash flows that are known to have occurred before that date
 - The risk adjustment for non-financial risk at the date of initial recognition was estimated by adjusting the risk adjustment at transition date by the expected release of risk before the transition date (determined by reference to the release of risk for similar insurance contracts)
 - The discount rates at the date of initial recognition were determined using the prevailing yield curve as at the transition date
- » Modifications related to measurement at transition date:
 - The amount of CSM recognised in profit or loss before the transition date was estimated by comparing the remaining coverage units with the coverage units provided before the transition date.
 - The CSM as at the transition date was estimated using actual cash flows for VFA groups

Fair value approach

Under the fair value approach, the CSM at the transition date is calculated as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. The Group has applied the requirements of IFRS 13 Fair Value Measurement to determine the fair value of groups of contracts, with the exception of the demand deposit floor requirement which IFRS 17 specifies should not be applied.

The fair value is effectively the consideration that would be paid or received for a group of insurance contracts to enable a market participant to earn their required rate of return in a notional transaction involving the group of contracts. The Group used the income approach (as defined by IFRS 13) to determine this amount.

The fair value was calculated by discounting the expected funds becoming available for distribution to a market participant (referred to as distributable income, under the income approach), at the required rate of return. This calculation allows for a market participants' view of capital requirements and expectations of future real-world returns. The Group applied judgement to determine the method and assumptions used to calculate the fair value.

The Group has applied the fair value approach on transition for certain groups in portfolios in OMLACSA, OMAR and OMART.

The Group has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition, as permitted by the standard. The Group has also used reasonable and supportable information available at the transition date in order to:

- » Identify groups of insurance contracts
- » Determine whether contracts are eligible for the VFA
- » Identify any discretionary cash flows for insurance contracts measured under the GMM

The discount rates for the group of contracts applying the fair value approach were determined using the prevailing yield curve as at the transition date.

1.5 Consequential amendments to other IFRS standards

The International Accounting Standards Board made amendments to several other Standards when it issued IFRS 17. The Group elected to apply the following consequential amendments on transition to IFRS 17:

1.5.1 IAS 16 Property, Plant and Equipment

The Group holds owner-occupied property as the underlying item for groups of insurance contracts measured under the VFA. Paragraph 29A permits the Group to elect to measure such properties using the fair value model in accordance with IAS 40 'Investment Property'.

1.5.2 IAS 32 Financial Instruments: Presentation

The Group holds treasury shares as the underlying items for groups of insurance contracts measured under the VFA. Paragraph 33A permits the Group to elect, irrevocably and on an instrument-by-instrument basis, to continue to account for that instrument as equity and to account for the reacquired share as if the instrument was a financial asset and measure it at fair value through profit or loss in accordance with IFRS 9.

1.5.3 IFRS 9 Financial Instruments

The Group holds bonds issued by Group companies as the underlying items for groups of insurance contracts measured under the VFA. Paragraph 3.3.5 permits us to elect, irrevocably and on an instrument-by-instrument basis, to continue to account for that instrument as a financial liability and to account for the repurchased instrument as if it was a financial asset and measure it at fair value through profit or loss in accordance with IFRS 9.

1.5.4 IFRS 3 Business Combinations

Paragraph 31A requires the Group to measure a group of contracts within the scope of IFRS 17 acquired in a business combination as a liability or asset based on the contractual terms and other factors at the date of acquisition.

There were no new standards effective for the first time in the annual reporting period commencing on 1 January 2022.

K2: Amendments to standards

The Group has adopted the following amendments for the first time in the annual reporting period commencing 1 January 2022:

- » Annual improvements to IFRS Standards 2018–2020
- » IFRS 3 amendment to reference to the Conceptual Framework
- » IAS 16 amendment to proceeds before intended use
- » IAS 37 amendment to onerous contracts – Cost of fulfilling a contract

These standards are not expected to have a material impact on the financial statements.

K3: New standards issued but not effective

The following standards were issued but not effective for the period commencing 1 January 2022:

- » IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures¹
- » IFRS 17 Insurance Contracts²
- » Amendment to IAS 1 Classification of liabilities as current or non-current³
- » Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies²
- » IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors²
- » IAS 12 amendment on deferred tax related to assets and liabilities arising from a single transaction²

These standards, with the exception of IFRS 17, are not expected to have a material impact on the financial statements.

¹ The IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.
² Effective on 1 January 2023.
³ Effective on 1 January 2024.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments

The directors' emoluments disclosures required by the Companies Act are set out below and includes disclosure in relation to executive directors and prescribed officers. Disclosures required in terms of King IV™ will be disclosed in the Old Mutual Limited Remuneration Report which will be released in April 2023 and can be accessed on <https://www.oldmutual.com/investor-relations/reporting-centre/reports>.

Executive directors	Iain Williamson		Casper Troskie	
	2022	2021	2022	2021
Salary	9 303 372	8 799 819	5 466 725	5 120 531
Other benefits	369 761	249 577	-	-
Retirement benefits	337 428	324 450	198 275	185 719
TGP	10 010 561	9 373 846	5 665 000	5 306 250
Bonus amounts	6 632 047	3 046 680	4 427 280	1 823 250
Total excluding share-based payments	16 642 608	12 420 526	10 092 280	7 129 500
IFRS 2 fair value of unvested shares at year end owed to director	9 440 828	8 473 832	6 636 620	7 341 596
Number of shares vested	105 904	81 936	171 241	160 856
Class of share	Ordinary	Ordinary	Ordinary	Ordinary

Prescribed officers	Clarence Nethengwe		Kerrin Land		Khaya Gobodo	
	2022	2021	2022	2021	2022	2021
Salary	4 858 775	4 461 928	4 757 450	4 313 108	4 757 450	4 432 936
Other benefits	-	1 680	-	150 500	-	1 480
Retirement benefits	176 225	161 892	172 550	161 892	172 550	160 834
TGP	5 035 000	4 625 500	4 930 000	4 625 500	4 930 000	4 595 250
Bonus amounts ¹	3 461 211	1 980 750	3 366 753	2 009 250	4 412 083	3 532 255
Total excluding share-based payments	8 496 211	6 606 250	8 296 753	6 634 750	9 342 083	8 127 505
IFRS 2 fair value of unvested shares at year end owed to director	5 302 497	5 937 509	4 147 247	3 354 657	3 338 603	3 975 667
Number of shares vested	119 813	66 889	52 654	29 637	36 285	62 622
Class of share	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary

Prescribed officers	Prabashini Moodley		Garth Napier		Clement Chinaka	
	2022	2021	2022	2021	2022	2021
Salary	4 224 288	3 992 687	4 664 697	4 439 889	4 721 263	4 463 608
Retirement benefits	153 213	144 813	265 303	252 517	171 237	161 892
TGP	4 377 501	4 137 500	4 930 000	4 692 406	4 892 500	4 625 500
Bonus amounts	2 982 174	701 250	3 535 315	2 137 500	3 776 136	783 750
Total excluding share-based payments	7 359 675	4 838 750	8 465 315	6 829 906	8 668 636	5 409 250
IFRS 2 fair value of unvested shares at year end owed to director	2 906 613	2 949 797	3 998 814	5 800 287	4 905 353	5 770 855
Number of shares vested	69 368	23 187	127 371	108 966	112 260	69 336
Class of share	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary

¹ The committee approved a change in STI calculation for the OM Investments MD, Khaya Gobodo in August 2021. The weighting agreed for STI calculations is 20% individual performance, 30% OML Group performance and 50% OM Investments performance. Mr Gobodo will be subject to a higher deferral of 60% into share-based schemes in comparison to the rest of the Group of 40%. Zureida Ebrahim's bonus amounts include a cash sign-on bonus of R3 150 000 in lieu of forfeiture of other bonus and share awards from her previous employer. The cash sign-on is subject to a 36-month clawback provision.

Prescribed officers	Zureida Ebrahim ²	
	2022	2021
Salary	4 472 775	723 750
Retirement benefits	162 225	26 250
TGP	4 635 000	750 000
Bonus amounts ¹	3 154 788	3 352 500
Total excluding share-based payments	7 789 788	4 102 500
IFRS 2 fair value of unvested shares at year end owed to director	2 357 294	-
Number of shares vested	-	-
Class of share	Ordinary	-

Exiting prescribed officers	Heloise van der Mescht ^{2,4}	
	2022	2021
Salary ³	-	3 725 266
Other benefits	-	31 165
Retirement benefits	-	94 534
TGP	-	3 850 965
Bonus amounts	-	925 539
Other	-	-
Total excluding share-based payments	-	4 776 504
IFRS 2 fair value of unvested shares at year end owed to director	-	2 113 559
Number of shares vested	-	25 619
Class of share	-	Ordinary

¹ The committee approved a change in STI calculation for the OM Investments MD, Khaya Gobodo in August 2021. The weighting agreed for STI calculations is 20% individual performance, 30% OML Group performance and 50% OM Investments performance. Mr Gobodo will be subject to a higher deferral of 60% into share-based schemes in comparison to the rest of the Group of 40%. Zureida Ebrahim's bonus amounts include a cash sign-on bonus of R3 150 000 in lieu of forfeiture of other bonus and share awards from her previous employer. The cash sign-on is subject to a 36-month clawback provision.

² Heloise van der Mescht was a prescribed officer until 31 October 2021 as the COO role was permanently filled effective 1 November 2021 by Zureida Ebrahim, therefore Heloise van der Mescht's disclosure represents 10 months in service and Zureida Ebrahim's disclosure represents two months in service.

³ Heloise van der Mescht's salary includes a COO acting allowance of R1 137 500.

⁴ Heloise van der Mescht is no longer a Prescribed Officer, therefore no disclosure provided for 2022.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹

	Award date	Vesting date	Issue price (ZAR)	2021 20-day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Iain Williamson													
Long-term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	72 414	-	72 414	-	-	977 589	-	-
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	12 232	-	12 232	-	-	165 132	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	72 414	-	72 414	-	-	977 589	-	-
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	12.27	10.44	12 232	-	12 232	-	-	165 132	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	72 414	-	72 414	-	-	977 589	-	-
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	12.27	10.44	12 232	-	12 232	-	-	165 132	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	254 882	-	-	-	254 882	-	-	-
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	43 054	-	-	-	43 054	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	254 882	-	-	-	254 882	-	-	-
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	12.27	10.44	43 054	-	-	-	43 054	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	254 881	-	-	-	254 881	-	-	-
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	12.27	10.44	43 054	-	-	-	43 054	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	12.27	10.44	601 605	-	-	-	601 605	-	-	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	101 622	-	-	-	101 622	-	-	-
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	12.27	10.44	601 605	-	-	-	601 605	-	-	-
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	101 621	-	-	-	101 621	-	-	-
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	12.27	10.44	601 604	-	-	-	601 604	-	-	-
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	101 621	-	-	-	101 621	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	339 376	-	-	339 376	-	-	1 091 753
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	339 377	-	-	339 377	-	-	1 091 757
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	339 377	-	-	339 377	-	-	1 091 757
Deferred Short-term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	62 667	-	-	62 667	-	-	846 005	-
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	10 586	-	-	10 586	-	-	142 911	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	175 733	-	-	-	175 733	-	-	1 835 465
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	29 684	-	-	-	29 684	-	-	310 038
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	12.27	10.44	27 932	-	-	27 932	-	-	377 920	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	12.27	10.44	4 719	-	-	4 719	-	-	63 848	-
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	12.27	10.44	27 932	-	-	-	27 932	-	-	291 739
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	12.27	10.44	4 719	-	-	-	4 719	-	-	49 288
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	12.27	10.44	27 931	-	-	-	27 931	-	-	291 729
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	4 719	-	-	-	4 719	-	-	49 288
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	49 096	-	-	49 096	-	-	512 789
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	49 097	-	-	49 097	-	-	512 800
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	49 097	-	-	49 097	-	-	512 800
Total						3 634 045	1 165 420	253 938	105 904	4 439 623	3 428 163	1 430 684	7 641 203

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20-day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Casper Troskie													
Long-term Incentive Plan													
2018 Tranche 2	18-Sep-18	18-Sep-22	21.58	12.27	10.44	32 718	-	-	32 718	-	-	346 484	-
2018 Tranche 2 Nedbank Unbundling	3-Dec-21	18-Sep-22	14.09	12.27	10.44	5 527	-	-	5 527	-	-	58 531	-
2018 Tranche 3	18-Sep-18	18-Sep-23	21.58	12.27	10.44	32 718	-	-	-	32 718	-	-	-
2018 Nedbank Unbundling Tranche 3	3-Dec-21	18-Sep-23	14.09	12.27	10.44	5 527	-	-	-	5 527	-	-	-
2018 Special Grant Tranche 2	14-Dec-18	18-Sep-22	22.00	12.27	10.44	12 414	-	-	12 414	-	-	131 464	-
2018 Special Grant Tranche 2 Nedbank Unbundling	3-Dec-21	18-Sep-22	14.09	12.27	10.44	2 097	-	-	2 097	-	-	22 207	-
2018 Special Grant Tranche 3	14-Dec-18	18-Sep-23	22.00	12.27	10.44	12 414	-	-	-	12 414	-	-	-
2018 Special Grant Tranche 3 Nedbank Unbundling	3-Dec-21	18-Sep-23	14.09	12.27	10.44	2 097	-	-	-	2 097	-	-	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	79 655	-	79 655	-	-	1 075 342	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	13 455	-	13 455	-	-	181 643	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	79 655	-	79 655	-	-	1 075 342	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	12.27	10.44	13 455	-	13 455	-	-	181 643	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	79 656	-	79 656	-	-	1 075 356	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	12.27	10.44	13 456	-	13 456	-	-	181 656	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	104 602	-	-	-	104 602	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	17 669	-	-	-	17 669	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	104 603	-	-	-	104 603	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	12.27	10.44	17 669	-	-	-	17 669	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	104 603	-	-	-	104 603	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	12.27	10.44	17 669	-	-	-	17 669	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	12.27	10.44	203 042	-	-	-	203 042	-	-	-
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	34 297	-	-	-	34 297	-	-	-
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	12.27	10.44	203 041	-	-	-	203 041	-	-	-
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	34 297	-	-	-	34 297	-	-	-
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	12.27	10.44	203 042	-	-	-	203 042	-	-	-
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	34 298	-	-	-	34 298	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	166 183	-	-	166 183	-	-	534 601
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	166 183	-	-	166 183	-	-	534 601
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	166 184	-	-	166 184	-	-	534 605
Deferred Short-term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	80 247	-	-	80 247	-	-	1 083 334	-
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	13 555	-	-	13 555	-	-	182 993	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	137 239	-	-	-	137 239	-	-	1 433 410
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	23 182	-	-	-	23 182	-	-	242 127
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	12.27	10.44	21 116	-	-	21 116	-	-	285 699	-
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	12.27	10.44	3 567	-	-	3 567	-	-	48 262	-
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	12.27	10.44	21 116	-	-	-	21 116	-	-	220 549
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	12.27	10.44	3 567	-	-	-	3 567	-	-	37 256
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	12.27	10.44	21 117	-	-	-	21 117	-	-	220 559
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	3 567	-	-	-	3 567	-	-	37 256
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	29 381	-	-	29 381	-	-	306 873
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	29 381	-	-	29 381	-	-	306 873
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	29 382	-	-	29 382	-	-	306 884
Total						1 791 949	586 694	279 332	171 241	1 928 070	3 770 982	2 158 974	4 715 594

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20-day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Clarence Nethengwe													
Long-term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	70 805	-	70 805	-	-	955 854	-	-
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	11 960	-	11 960	-	-	161 460	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	70 805	-	70 805	-	-	955 868	-	-
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	12.27	10.44	11 960	-	11 960	-	-	161 460	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	70 804	-	70 804	-	-	955 868	-	-
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	12.27	10.44	11 960	-	11 960	-	-	161 460	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	94 142	-	-	-	94 142	-	-	-
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	15 902	-	-	-	15 902	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	94 142	-	-	-	94 142	-	-	-
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	12.27	10.44	15 902	-	-	-	15 902	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	94 143	-	-	-	94 143	-	-	-
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	12.27	10.44	15 903	-	-	-	15 903	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	12.27	10.44	203 018	-	-	-	203 018	-	-	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	34 294	-	-	-	34 294	-	-	-
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	12.27	10.44	203 018	-	-	-	203 018	-	-	-
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	34 294	-	-	-	34 294	-	-	-
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	12.27	10.44	203 018	-	-	-	203 018	-	-	-
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	34 294	-	-	-	34 294	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
Deferred Short-term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	86 663	-	-	86 663	-	-	1 169 950	-
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	14 639	-	-	14 639	-	-	197 627	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	97 072	-	-	-	97 072	-	-	1 013 881
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	16 397	-	-	-	16 397	-	-	171 260
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	12.27	10.44	15 836	-	-	15 836	-	-	214 261	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	12.27	10.44	2 675	-	-	2 675	-	-	36 193	-
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	12.27	10.44	15 836	-	-	-	15 836	-	-	165 401
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	12.27	10.44	2 675	-	-	-	2 675	-	-	27 939
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	12.27	10.44	15 835	-	-	-	15 835	-	-	165 391
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	2 675	-	-	-	2 675	-	-	27 939
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	31 919	-	-	31 919	-	-	333 382
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	31 919	-	-	31 919	-	-	333 382
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	31 920	-	-	31 920	-	-	333 392
Total						1 560 667	526 324	248 294	119 813	1 718 884	3 351 970	1 618 031	3 957 073

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20-day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Kerrin Land²													
Long-term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	37 164	-	37 164	-	-	501 701	-	-
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	6 278	-	6 278	-	-	84 753	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	37 164	-	37 164	-	-	501 714	-	-
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	12.27	10.44	6 278	-	6 278	-	-	84 753	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	37 163	-	37 163	-	-	501 714	-	-
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	12.27	10.44	6 278	-	6 278	-	-	84 753	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	94 142	-	-	-	94 142	-	-	-
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	15 902	-	-	-	15 902	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	94 142	-	-	-	94 142	-	-	-
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	12.27	10.44	15 902	-	-	-	15 902	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	94 143	-	-	-	94 143	-	-	-
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	12.27	10.44	15 903	-	-	-	15 903	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	12.27	10.44	121 811	-	-	-	121 811	-	-	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	20 577	-	-	-	20 577	-	-	-
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	12.27	10.44	121 811	-	-	-	121 811	-	-	-
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	20 577	-	-	-	20 577	-	-	-
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	12.27	10.44	121 811	-	-	-	121 811	-	-	-
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	20 578	-	-	-	20 578	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
Deferred Short-term Incentive													
2019 MTI: Multi-Managers Defensive Fund of Funds	13-Jun-19	23-Mar-22	6.94	8.30	7.97	91 494	-	-	91 494	-	-	729 207	-
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	29 209	-	-	29 209	-	-	394 322	-
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	4 934	-	-	4 934	-	-	66 609	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	92 262	-	-	-	92 262	-	-	963 642
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	15 585	-	-	-	15 585	-	-	162 779
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	12.27	10.44	15 836	-	-	15 836	-	-	214 261	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	12.27	10.44	2 675	-	-	2 675	-	-	36 193	-
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	12.27	10.44	15 836	-	-	-	15 836	-	-	165 401
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	12.27	10.44	2 675	-	-	-	2 675	-	-	27 939
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	12.27	10.44	15 835	-	-	-	15 835	-	-	165 391
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	2 675	-	-	-	2 675	-	-	27 939
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	32 378	-	-	32 378	-	-	338 176
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	32 379	-	-	32 379	-	-	338 186
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	32 379	-	-	32 379	-	-	338 186
Total											1 759 388	1 440 592	3 912 745

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

² A portion of Kerrin Land's deferred short-term incentive is invested in unit trusts and not Old Mutual Limited shares. No total for number of shares is thus provided as this represents a combination of Old Mutual Limited shares and unit trusts.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20-day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Khaya Gobodo²													
Long-term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	61 303	-	61 303	-	-	827 590	-	-
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	10 355	-	10 355	-	-	139 793	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	61 303	-	61 303	-	-	827 591	-	-
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	12.27	10.44	10 355	-	10 355	-	-	139 792	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	61 303	-	61 303	-	-	827 590	-	-
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	12.27	10.44	10 355	-	10 355	-	-	139 793	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	89 958	-	-	-	89 958	-	-	-
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	15 196	-	-	-	15 196	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	89 958	-	-	-	89 958	-	-	-
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	12.27	10.44	15 196	-	-	-	15 196	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	89 959	-	-	-	89 959	-	-	-
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	12.27	10.44	15 196	-	-	-	15 196	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	12.27	10.44	174 637	-	-	-	174 637	-	-	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	29 500	-	-	-	29 500	-	-	-
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	12.27	10.44	174 637	-	-	-	174 637	-	-	-
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	29 500	-	-	-	29 500	-	-	-
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	12.27	10.44	174 638	-	-	-	174 638	-	-	-
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	29 500	-	-	-	29 500	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	86 113	-	-	86 113	-	-	277 021
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	86 113	-	-	86 113	-	-	277 021
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	86 114	-	-	86 114	-	-	277 024
Deferred Short-term Incentive													
2019 MTI: Futuregrowth OMES	23-Mar-19	22-Mar-22	54.43		59.02	19 163	-	-	19 163	-	-	1 131 000	-
2019 MTI: Marriott OMES	23-Mar-19	22-Mar-22	18.00		20.20	19 163	-	-	19 163	-	-	387 093	-
2019 MTI: Old Mutual Alternative Investments OMES	23-Mar-19	22-Mar-22	36.85		20.37	31 263	-	-	31 263	-	-	636 827	-
2019 MTI: Old Mutual Investment Group OMES	23-Mar-19	22-Mar-22	103.49		138.45	19 163	-	-	19 163	-	-	2 653 117	-
2020 MTI: Futuregrowth OMES	27-Mar-20	22-Mar-23	54.43		59.02	11 166	-	-	-	11 166	-	-	659 017
2020 MTI: Marriott OMES	27-Mar-20	22-Mar-23	18.00		20.20	11 166	-	-	-	11 166	-	-	225 553
2020 MTI: Old Mutual Alternative Investments OMES	27-Mar-20	22-Mar-23	36.85		20.37	18 301	-	-	-	18 301	-	-	372 791
2020 MTI: Old Mutual Investment Group OMES	27-Mar-20	22-Mar-23	103.49		138.45	11 166	-	-	-	11 166	-	-	1 545 933
2021 MTI: Futuregrowth OMES	23-Mar-21	22-Mar-24	54.43		59.02	3 391	-	-	-	3 391	-	-	200 137
2021 MTI: Marriott OMES	23-Mar-21	22-Mar-24	18.00		20.20	3 391	-	-	-	3 391	-	-	68 498
2021 MTI: Old Mutual Alternative Investments OMES	23-Mar-21	22-Mar-24	36.85		20.37	5 524	-	-	-	5 524	-	-	112 524
2021 MTI: Old Mutual Investment Group OMES	23-Mar-21	22-Mar-24	103.49		138.45	3 391	-	-	-	3 391	-	-	469 484
2022 MTI: Futuregrowth OMES	23-Mar-22	22-Mar-25	59.02		59.02	-	12 170	-	-	12 170	-	-	718 273
2022 MTI: Marriott OMES	23-Mar-22	22-Mar-25	20.20		20.20	-	12 170	-	-	12 170	-	-	245 834
2022 MTI: Old Mutual Alternative Investments OMES	23-Mar-22	22-Mar-25	20.37		20.37	-	43 351	-	-	43 351	-	-	883 060
2022 MTI: Old Mutual Investment Group OMES	23-Mar-22	22-Mar-25	138.45		138.45	-	12 171	-	-	12 171	-	-	1 685 075
Buy-out Award													
2018 Tranche 2	19-Apr-18	19-Apr-22	41.34	12.27	10.44	36 285	-	-	36 285	-	-	447 394	-
2018 Tranche 3	19-Apr-18	19-Apr-23	41.34	12.27	10.44	36 284	-	-	-	36 284	-	-	378 973
Total											2 902 149	5 255 432	8 396 219

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

² Khaya Gobodo's deferred short-term incentive is invested in unit trusts and not Old Mutual Limited shares. No total for number of shares is thus provided as this represents a combination of Old Mutual Limited shares and unit trusts.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20-day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Prabashini Moodley													
Long-term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	16 092	-	16 092	-	-	217 242	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	2 719	-	2 719	-	-	36 707	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	16 092	-	16 092	-	-	217 242	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	12.27	10.44	2 719	-	2 719	-	-	36 707	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	16 092	-	16 092	-	-	217 242	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	12.27	10.44	2 719	-	2 719	-	-	36 707	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	83 682	-	-	-	83 682	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	14 136	-	-	-	14 136	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	83 682	-	-	-	83 682	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	12.27	10.44	14 136	-	-	-	14 136	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	83 683	-	-	-	83 683	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	12.27	10.44	14 136	-	-	-	14 136	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	12.27	10.44	133 690	-	-	-	133 690	-	-	-
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	22 583	-	-	-	22 583	-	-	-
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	12.27	10.44	133 690	-	-	-	133 690	-	-	-
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	22 583	-	-	-	22 583	-	-	-
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	12.27	10.44	133 691	-	-	-	133 691	-	-	-
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	22 584	-	-	-	22 584	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	128 414	-	-	128 414	-	-	413 101
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	128 414	-	-	128 414	-	-	413 101
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	128 415	-	-	128 415	-	-	413 104
Deferred Short-term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	45 191	-	-	45 191	-	-	610 079	-
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	7 634	-	-	7 634	-	-	103 059	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	72 804	-	-	-	72 804	-	-	760 410
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	12 298	-	-	-	12 298	-	-	128 448
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	12.27	10.44	14 152	-	-	14 152	-	-	191 477	-
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	12.27	10.44	2 391	-	-	2 391	-	-	32 350	-
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	12.27	10.44	14 152	-	-	-	14 152	-	-	147 812
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	12.27	10.44	2 391	-	-	-	2 391	-	-	24 973
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	12.27	10.44	14 153	-	-	-	14 153	-	-	147 823
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	2 391	-	-	-	2 391	-	-	24 973
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	11 300	-	-	11 300	-	-	118 024
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	11 301	-	-	11 301	-	-	118 035
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	11 301	-	-	11 301	-	-	118 035
Total						1 006 266	419 145	56 433	69 368	1 299 610	761 847	936 965	2 827 839

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20-day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Garth Napier²													
Long-term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	72 913	-	72 913	-	-	984 312	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	12 317	-	12 317	-	-	166 266	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	72 913	-	72 913	-	-	984 312	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	12.27	10.44	12 317	-	12 317	-	-	166 280	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	72 911	-	72 911	-	-	984 325	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	12.27	10.44	12 316	-	12 316	-	-	166 280	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	94 553	-	-	-	94 553	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	15 972	-	-	-	15 972	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	94 553	-	-	-	94 553	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	12.27	10.44	15 972	-	-	-	15 972	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	94 553	-	-	-	94 553	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	12.27	10.44	15 972	-	-	-	15 972	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	12.27	10.44	86 319	-	-	-	86 319	-	-	1 258 320
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	14 581	-	-	-	14 581	-	-	212 555
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	12.27	10.44	86 318	-	-	-	86 318	-	-	1 258 306
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	14 581	-	-	-	14 581	-	-	212 555
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	12.27	10.44	86 318	-	-	-	86 318	-	-	1 258 306
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	14 581	-	-	-	14 581	-	-	212 555
2021 Tranche 1 (Top-up)	9-Apr-21	9-Apr-24	13.09	12.27	10.44	107 899	-	-	-	107 899	-	-	1 572 904
2021 Tranche 1 (Top-up) Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	18 226	-	-	-	18 226	-	-	265 691
2021 Tranche 2 (Top-up)	9-Apr-21	9-Apr-25	13.09	12.27	10.44	107 898	-	-	-	107 898	-	-	1 572 889
2021 Tranche 2 (Top-up) Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	18 226	-	-	-	18 226	-	-	265 691
2021 Tranche 3 (Top-up)	9-Apr-21	9-Apr-26	13.09	12.27	10.44	107 898	-	-	-	107 898	-	-	1 572 889
2021 Tranche 3 (Top-up) Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	18 226	-	-	-	18 226	-	-	265 691
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	86 113	-	-	86 113	-	-	400 781
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	86 113	-	-	86 113	-	-	400 781
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	86 114	-	-	86 114	-	-	400 785
Deferred Short-term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	13 369	-	-	13 369	-	-	180 481	-
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	2 259	-	-	2 259	-	-	30 497	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	88 703	-	-	-	88 703	-	-	926 469
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	14 984	-	-	-	14 984	-	-	156 502
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	12.27	10.44	16 833	-	-	16 833	-	-	227 737	-
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	12.27	10.44	2 844	-	-	2 844	-	-	38 479	-
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	12.27	10.44	16 832	-	-	-	16 832	-	-	175 803
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	12.27	10.44	2 844	-	-	-	2 844	-	-	29 705
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	12.27	10.44	16 832	-	-	-	16 832	-	-	175 803
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	2 844	-	-	-	2 844	-	-	29 705
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	34 445	-	-	34 445	-	-	359 765
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	34 445	-	-	34 445	-	-	359 765
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	34 446	-	-	34 446	-	-	359 775
Sign-On Award													
2019 Tranche 3	20-Mar-19	20-Mar-22	21.75	12.27	10.44	108 965	-	-	108 965	-	-	1 471 028	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	18 406	-	-	18 406	-	-	248 481	-
Total						1 574 048	361 676	255 687	162 676	1 517 361	3 451 775	2 196 703	13 703 991

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20-day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Clement Chinaka													
Long-term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	67 433	-	67 433	-	-	910 345	-	-
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	11 391	-	11 391	-	-	153 779	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	67 433	-	67 433	-	-	910 345	-	-
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	12.27	10.44	11 391	-	11 391	-	-	153 779	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	67 433	-	67 433	-	-	910 345	-	-
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	12.27	10.44	11 391	-	11 391	-	-	153 779	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	94 142	-	-	-	94 142	-	-	-
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	15 902	-	-	-	15 902	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	94 142	-	-	-	94 142	-	-	-
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	12.27	10.44	15 902	-	-	-	15 902	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	94 143	-	-	-	94 143	-	-	-
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	12.27	10.44	15 903	-	-	-	15 903	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	12.27	10.44	182 716	-	-	-	182 716	-	-	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	30 865	-	-	-	30 865	-	-	-
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	12.27	10.44	182 716	-	-	-	182 716	-	-	-
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	30 865	-	-	-	30 865	-	-	-
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	12.27	10.44	182 717	-	-	-	182 717	-	-	-
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	30 866	-	-	-	30 866	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
Deferred Short-term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	12.27	10.44	83 369	-	-	83 369	-	-	1 125 481	-
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	14 083	-	-	14 083	-	-	190 121	-
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	120 503	-	-	-	120 503	-	-	1 258 608
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	20 355	-	-	-	20 355	-	-	212 600
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	12 668	-	-	12 668	-	-	171 398	-
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	12.27	10.44	2 140	-	-	2 140	-	-	28 954	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	12.27	10.44	12 668	-	-	-	12 668	-	-	132 313
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	12.27	10.44	2 140	-	-	-	2 140	-	-	22 351
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	12.27	10.44	12 669	-	-	-	12 669	-	-	132 323
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	12.27	10.44	2 140	-	-	-	2 140	-	-	22 351
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	-	12 630	-	-	12 630	-	-	131 916
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	12 630	-	-	12 630	-	-	131 916
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	12 630	-	-	12 630	-	-	131 916
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	-	-	-	-	-	-	-	-	-
Total						1 490 086	468 456	236 472	112 260	1 609 810	3 192 372	1 515 954	3 561 400

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20-day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Zureida Ebrahim													
Long-term Incentive Plan													
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	135 968	-	-	135 968	-	-	437 401
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	135 968	-	-	135 968	-	-	437 401
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	135 969	-	-	135 969	-	-	437 405
Deferred Short-term Incentive													
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	3 263	-	-	3 263	-	-	34 081
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	3 263	-	-	3 263	-	-	34 081
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	3 264	-	-	3 264	-	-	34 091
Buy-out Award													
2022 Tranche 1a	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	76 142	-	-	76 142	-	-	795 274
2022 Tranche 2a	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	76 143	-	-	76 143	-	-	795 285
2022 Tranche 1b	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	120 860	-	-	120 860	-	-	388 800
2022 Tranche 2b	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	120 861	-	-	120 861	-	-	388 803
2022 Tranche 3b	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	120 861	-	-	120 861	-	-	388 803
Total						-	932 562	-	-	932 562	-	-	4 171 425

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units					Value (pre-tax)		
				2020 20-day year end VWAP (ZAR)	2021 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing balance on 31 Dec 2021 (Number)	Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Iain Williamson													
Long-term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	108 854	–	73 476	35 378	–	988 252	475 834	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	72 414	–	–	–	72 414	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	12 232	–	–	12 232	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	72 414	–	–	–	72 414	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	12 232	–	–	12 232	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	72 414	–	–	–	72 414	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	12 232	–	–	12 232	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	254 882	–	–	–	254 882	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	43 054	–	–	43 054	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	254 882	–	–	–	254 882	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	43 054	–	–	43 054	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	254 881	–	–	–	254 881	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	43 054	–	–	43 054	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	601 605	–	–	601 605	–	–	2 288 767
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	101 622	–	–	101 622	–	–	386 614
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	–	601 605	–	–	601 605	–	–	2 288 767
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	–	101 621	–	–	101 621	–	–	386 610
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	–	601 604	–	–	601 604	–	–	2 288 763
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	–	101 621	–	–	101 621	–	–	386 610
Deferred Short-term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	46 558	–	–	46 558	–	–	626 205	–
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	62 667	–	–	–	62 667	–	–	769 072
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	10 586	–	–	10 586	–	–	129 915
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	175 733	–	–	–	175 733	–	–	2 156 660
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	29 684	–	–	29 684	–	–	364 293
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	27 932	–	–	27 932	–	–	342 792
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	4 719	–	–	4 719	–	–	57 913
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	27 932	–	–	27 932	–	–	342 792
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	4 719	–	–	4 719	–	–	57 913
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	27 931	–	–	27 931	–	–	342 780
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	4 719	–	–	4 719	–	–	57 913
Total						1 375 699	2 413 758	73 476	81 936	3 634 045	988 252	1 102 039	12 648 174

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

Awards with the suffix 'NED' refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Opening balance on 1 Jan 2021 (Number)	Share units			Closing balance on 31 Dec 2021 (Number)	Value (pre-tax)		
				2020 20-day year end VWAP (ZAR)	2021 20-day year end VWAP (ZAR)		Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)		Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Casper Troskie													
Long-term Incentive Plan													
2018 Tranche 1	18-Sep-18	18-Sep-21	29.80	11.94	12.27	100 671	–	67 953	32 718	–	1 019 295	490 770	–
2018 Tranche 2	18-Sep-18	18-Sep-22	29.80	11.94	12.27	100 671	–	67 953	–	32 718	833 944	–	401 527
2018 Tranche 2 Nedbank unbundling	3-Dec-21	18-Sep-22	14.09	11.94	12.27	–	5 527	–	–	5 527	–	–	67 829
2018 Tranche 3	18-Sep-18	18-Sep-23	29.80	11.94	12.27	100 672	–	67 954	–	32 718	833 956	–	401 527
2018 Tranche 3 Nedbank unbundling	3-Dec-21	18-Sep-23	14.09	11.94	12.27	–	5 527	–	–	5 527	–	–	67 829
2018 Special Grant Tranche 1	14-Dec-18	18-Sep-21	22.00	11.94	12.27	38 196	–	25 782	12 414	–	386 730	186 210	–
2018 Special Grant Tranche 2	14-Dec-18	18-Sep-22	22.00	11.94	12.27	38 196	–	25 782	–	12 414	316 406	–	152 349
2018 Special Grant Tranche 2 Nedbank unbundling	3-Dec-21	18-Sep-22	14.09	11.94	12.27	–	2 097	–	–	2 097	–	–	25 735
2018 Special Grant Tranche 3	14-Dec-18	18-Sep-23	22.00	11.94	12.27	38 197	–	25 783	–	12 414	316 418	–	152 349
2018 Special Grant Tranche 3 Nedbank unbundling	3-Dec-21	18-Sep-23	14.09	11.94	12.27	–	2 097	–	–	2 097	–	–	25 735
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	79 655	–	–	–	79 655	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	13 455	–	–	13 455	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	79 655	–	–	–	79 655	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	13 455	–	–	13 455	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	79 656	–	–	–	79 656	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	13 456	–	–	13 456	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	104 603	–	–	–	104 603	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	17 669	–	–	17 669	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	104 603	–	–	–	104 603	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	17 669	–	–	17 669	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	104 602	–	–	–	104 602	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	17 669	–	–	17 669	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	203 041	–	–	203 041	–	–	772 456
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	34 297	–	–	34 297	–	–	130 481
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	–	203 042	–	–	203 042	–	–	772 460
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	–	34 297	–	–	34 297	–	–	130 481
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	–	203 042	–	–	203 042	–	–	772 460
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	–	34 298	–	–	34 298	–	–	130 484
Deferred Short-term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	80 247	–	–	–	80 247	–	–	984 821
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	13 555	–	–	13 555	–	–	166 352
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	137 239	–	–	–	137 239	–	–	1 684 247
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	23 182	–	–	23 182	–	–	284 498
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	21 116	–	–	21 116	–	–	259 143
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	3 567	–	–	3 567	–	–	43 776
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	21 116	–	–	21 116	–	–	259 143
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	3 567	–	–	3 567	–	–	43 776
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	21 117	–	–	21 117	–	–	259 156
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	3 567	–	–	3 567	–	–	43 776
Buy-out award													
2018	18-Sep-18	18-Sep-21	29.80	11.94	12.27	83 893	–	–	83 893	–	–	1 258 395	–
2018 special grant	14-Dec-18	18-Sep-21	22.00	11.94	12.27	31 831	–	–	31 831	–	–	477 465	–
Total						1 302 587	931 425	281 207	160 856	1 791 949	3 706 750	2 412 840	8 032 390

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

Awards with the suffix 'NED' refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units					Value (pre-tax)		
				2020 20-day year end VWAP (ZAR)	2021 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing balance on 31 Dec 2021 (Number)	Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Clarence Nethengwe													
Long-term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	95 792	–	64 660	31 132	–	869 677	418 725	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	70 805	–	–	–	70 805	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	11 960	–	–	11 960	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	70 805	–	–	–	70 805	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	11 960	–	–	11 960	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	70 804	–	–	–	70 804	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	11 960	–	–	11 960	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	94 142	–	–	–	94 142	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	15 902	–	–	15 902	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	94 142	–	–	–	94 142	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	15 902	–	–	15 902	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	94 143	–	–	–	94 143	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	15 903	–	–	15 903	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	203 018	–	–	203 018	–	–	772 369
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	34 294	–	–	34 294	–	–	130 469
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	203 018	–	–	203 018	–	–	772 369
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	34 294	–	–	34 294	–	–	130 469
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	203 018	–	–	203 018	–	–	772 369
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	34 294	–	–	34 294	–	–	130 469
Deferred Short-term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	35 757	–	–	35 757	–	–	480 932	–
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	86 663	–	–	–	86 663	–	–	1 063 560
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	14 639	–	–	14 639	–	–	179 655
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	97 072	–	–	–	97 072	–	–	1 191 303
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	16 397	–	–	16 397	–	–	201 230
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	15 836	–	–	15 836	–	–	194 345
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	2 675	–	–	2 675	–	–	32 829
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	15 836	–	–	15 836	–	–	194 345
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	2 675	–	–	2 675	–	–	32 829
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	15 835	–	–	15 835	–	–	194 333
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	2 675	–	–	2 675	–	–	32 829
Total						810 125	882 091	64 660	66 889	1 560 667	869 677	899 657	6 025 771

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

Awards with the suffix 'NED' refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and Prescribed Officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Opening balance on 1 Jan 2021 (Number)	Share units			Closing balance on 31 Dec 2021 (Number)	Value (pre-tax)		
				2020 20-day year end VWAP (ZAR)	2021 20-day year end VWAP (ZAR)		Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)		Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Kerrin Land²													
Long-term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	55 865	–	37 709	18 156	–	507 186	244 198	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	37 164	–	–	–	37 164	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	6 278	–	–	6 278	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	37 164	–	–	–	37 164	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	6 278	–	–	6 278	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	37 163	–	–	–	37 163	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	6 278	–	–	6 278	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	94 142	–	–	–	94 142	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	15 902	–	–	15 902	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	94 142	–	–	–	94 142	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	15 902	–	–	15 902	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	94 143	–	–	–	94 143	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	15 903	–	–	15 903	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	121 811	–	–	121 811	–	–	463 422
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	20 577	–	–	20 577	–	–	78 284
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	121 811	–	–	121 811	–	–	463 422
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	20 577	–	–	20 577	–	–	78 284
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	121 811	–	–	121 811	–	–	463 422
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	20 578	–	–	20 578	–	–	78 288
Deferred Short-term Incentive													
2018 MTI: Maximum Return Fund of Fund	26-Apr-18	23-Mar-21	3.16	3.67	3.89	154 281	–	–	154 281	–	–	600 153	–
2019 MTI: Multi-Managers Defensive Fund of Funds	13-Jun-19	23-Mar-22	6.94	7.22	8.30	91 494	–	–	–	91 494	–	–	758 939
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	11 481	–	–	11 481	–	–	154 419	–
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	29 209	–	–	–	29 209	–	–	358 464
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	4 934	–	–	4 934	–	–	60 552
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	92 262	–	–	–	92 262	–	–	1 132 273
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	15 585	–	–	15 585	–	–	191 265
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	15 836	–	–	15 836	–	–	194 345
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	2 675	–	–	2 675	–	–	32 829
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	15 836	–	–	15 836	–	–	194 345
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	2 675	–	–	2 675	–	–	32 829
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	15 835	–	–	15 835	–	–	194 333
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	2 675	–	–	2 675	–	–	32 829
Total											507 186	998 771	4 808 123

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

² A portion of Kerrin Land's deferred short-term incentive is invested in unit trusts and not Old Mutual Limited shares. No total for number of shares is thus provided as this represents a combination of Old Mutual Limited shares and unit trusts.

Awards with the suffix 'NED' refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Opening balance on 1 Jan 2021 (Number)	Share units			Closing balance on 31 Dec 2021 (Number)	Value (pre-tax)		
				2020 20-day year end VWAP (ZAR)	2021 20-day year end VWAP (ZAR)		Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)		Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Khaya Gobodo²													
Long-term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	81 036	–	54 699	26 337	–	735 702	354 233	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	61 303	–	–	–	61 303	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	10 355	–	–	10 355	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	61 303	–	–	–	61 303	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	10 355	–	–	10 355	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	61 303	–	–	–	61 303	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	10 355	–	–	10 355	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	89 958	–	–	–	89 958	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	15 196	–	–	15 196	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	89 958	–	–	–	89 958	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	15 196	–	–	15 196	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	89 959	–	–	–	89 959	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	15 196	–	–	15 196	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	174 637	–	–	174 637	–	–	664 395
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	29 500	–	–	29 500	–	–	112 231
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	174 637	–	–	174 637	–	–	664 395
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	29 500	–	–	29 500	–	–	112 231
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	174 638	–	–	174 638	–	–	664 399
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	29 500	–	–	29 500	–	–	112 231
Deferred Short-term Incentive													
2019 MTI: Global Equity Fund	23-Mar-19	22-Mar-22	30.12	37.83	49.97	64 493	–	–	–	64 493	–	–	3 222 745
2019 MTI: Investors' Fund	23-Mar-19	22-Mar-22	396.28	332.07	434.70	4 903	–	–	–	4 903	–	–	2 131 131
2020 MTI: Global Equity Fund	27-Mar-20	22-Mar-23	30.90	37.83	49.97	34 306	–	–	–	34 306	–	–	1 714 309
2020 MTI: Maximum Return Fund of Fund	27-Mar-20	22-Mar-23	2.90	3.67	4.60	364 964	–	–	–	364 964	–	–	1 677 445
2021 MTI: Global Equity Fund	23-Mar-21	22-Mar-24	41.45	–	49.97	–	19 118	–	–	19 118	–	–	955 360
Buy-out award													
2018 Tranche 1	19-Apr-18	19-Apr-21	41.34	11.94	12.27	36 285	–	–	36 285	–	–	488 033	–
2018 Tranche 2	19-Apr-18	19-Apr-22	41.34	11.94	12.27	36 285	–	–	–	36 285	–	–	445 303
2018 Tranche 3	19-Apr-18	19-Apr-23	41.34	11.94	12.27	36 284	–	–	–	36 284	–	–	445 291
2018 Nedbank distribution ³	8-Nov-21	9-Nov-21	170.25	–	–	–	957	–	957	–	–	162 929	–
Total											735 702	1 005 195	12 921 465

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

² Khaya Gobodo's deferred short-term incentive is invested in unit trusts and not Old Mutual Limited shares. No total for number of shares is thus provided as this represents a combination of Old Mutual Limited shares and unit trusts.

³ In line with the principles applied for the Nedbank unbundling which took place in 2018.

Awards with the suffix 'NED' refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units				Value (pre-tax)			
				2020 20-day year end VWAP (ZAR)	2021 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing balance on 31 Dec 2021 (Number)	Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Prabashini Moodley													
Long-term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	21 287	–	14 369	6 918	–	193 263	93 047	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	16 092	–	–	–	16 092	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	2 719	–	–	2 719	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	16 092	–	–	–	16 092	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	2 719	–	–	2 719	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	16 092	–	–	–	16 092	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	2 719	–	–	2 719	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	83 682	–	–	–	83 682	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	14 136	–	–	14 136	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	83 682	–	–	–	83 682	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	14 136	–	–	14 136	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	83 683	–	–	–	83 683	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	14 136	–	–	14 136	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	133 690	–	–	133 690	–	–	508 615
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	22 583	–	–	22 583	–	–	85 916
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	133 690	–	–	133 690	–	–	508 615
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	22 583	–	–	22 583	–	–	85 916
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	133 691	–	–	133 691	–	–	508 619
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	22 584	–	–	22 584	–	–	85 919
Deferred Short-term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	16 269	–	–	16 269	–	–	218 818	–
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	45 191	–	–	–	45 191	–	–	554 601
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	7 634	–	–	7 634	–	–	93 687
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	72 804	–	–	–	72 804	–	–	893 477
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	12 298	–	–	12 298	–	–	150 926
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	14 152	–	–	14 152	–	–	173 679
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	2 391	–	–	2 391	–	–	29 343
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	14 152	–	–	14 152	–	–	173 679
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	2 391	–	–	2 391	–	–	29 343
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	14 153	–	–	14 153	–	–	173 691
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	2 391	–	–	2 391	–	–	29 343
Total						454 874	588 948	14 369	23 187	1 006 266	193 263	311 865	4 085 367

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

Awards with the suffix 'NED' refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units				Value (pre-tax)			
				2020 20-day year end VWAP (ZAR)	2021 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing balance on 31 Dec 2021 (Number)	Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Garth Napier													
Long-term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21,75	11,94	12,27	72 913	-	-	-	72 913	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14,09	11,94	12,27	-	12 317	-	-	12 317	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21,75	11,94	12,27	72 913	-	-	-	72 913	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14,09	11,94	12,27	-	12 317	-	-	12 317	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21,75	11,94	12,27	72 911	-	-	-	72 911	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14,09	11,94	12,27	-	12 316	-	-	12 316	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11,95	11,94	12,27	94 553	-	-	-	94 553	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14,09	11,94	12,27	-	15 972	-	-	15 972	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11,95	11,94	12,27	94 553	-	-	-	94 553	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14,09	11,94	12,27	-	15 972	-	-	15 972	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11,95	11,94	12,27	94 553	-	-	-	94 553	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14,09	11,94	12,27	-	15 972	-	-	15 972	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13,09	11,94	12,27	-	86 319	-	-	86 319	-	-	328 395
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14,09	11,94	12,27	-	14 581	-	-	14 581	-	-	55 472
2021 Tranche 2	9-Apr-21	9-Apr-25	13,09	11,94	12,27	-	86 318	-	-	86 318	-	-	328 391
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14,09	11,94	12,27	-	14 581	-	-	14 581	-	-	55 472
2021 Tranche 3	9-Apr-21	9-Apr-26	13,09	11,94	12,27	-	86 318	-	-	86 318	-	-	328 391
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14,09	11,94	12,27	-	14 581	-	-	14 581	-	-	55 472
2021 Tranche 1 (Top-up)	9-Apr-21	9-Apr-24	13,09	11,94	12,27	-	107 899	-	-	107 899	-	-	410 495
2021 Tranche 1 (Top-up) Nedbank Unbundling	3-Dec-21	9-Apr-24	13,09	11,94	12,27	-	18 226	-	-	18 226	-	-	69 340
2021 Tranche 2 (Top-up)	9-Apr-21	9-Apr-25	13,09	11,94	12,27	-	107 898	-	-	107 898	-	-	410 491
2021 Tranche 2 (Top-up) Nedbank Unbundling	3-Dec-21	9-Apr-25	13,09	11,94	12,27	-	18 226	-	-	18 226	-	-	69 340
2021 Tranche 3 (Top-up)	9-Apr-21	9-Apr-26	13,09	11,94	12,27	-	107 898	-	-	107 898	-	-	410 491
2021 Tranche 3 (Top-up) Nedbank Unbundling	3-Dec-21	9-Apr-26	13,09	11,94	12,27	-	18 226	-	-	18 226	-	-	69 340
Deferred Short-term Incentive													
2019	20-Mar-19	20-Mar-22	21,75	11,94	12,27	13 369	-	-	-	13 369	-	-	164 069
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14,09	11,94	12,27	-	2 259	-	-	2 259	-	-	27 723
2020	26-Mar-20	26-Mar-23	11,95	11,94	12,27	88 703	-	-	-	88 703	-	-	1 088 596
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14,09	11,94	12,27	-	14 984	-	-	14 984	-	-	183 889
2021 Tranche 1	9-Apr-21	9-Apr-22	13,09	11,94	12,27	-	16 833	-	-	16 833	-	-	206 581
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14,09	11,94	12,27	-	2 844	-	-	2 844	-	-	34 903
2021 Tranche 2	9-Apr-21	9-Apr-23	13,09	11,94	12,27	-	16 832	-	-	16 832	-	-	206 568
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14,09	11,94	12,27	-	2 844	-	-	2 844	-	-	34 903
2021 Tranche 3	9-Apr-21	9-Apr-24	13,09	11,94	12,27	-	16 832	-	-	16 832	-	-	206 568
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14,09	11,94	12,27	-	2 844	-	-	2 844	-	-	34 903
Sign-on Award													
2019 Tranche 2	20-Mar-19	20-Mar-21	21,75	11,94	12,27	108 966	-	-	108 966	-	-	1 299 964	-
2019 Tranche 3	20-Mar-19	20-Mar-22	21,75	11,94	12,27	108 965	-	-	-	108 965	-	-	1 337 259
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-22	14,09	11,94	12,27	-	18 406	-	-	18 406	-	-	225 885
Total						822 399	860 615	-	108 966	1 574 048	-	1 299 964	6 342 937

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

² An error in the Garth Napier's prior year bonus share awards was corrected relating to a misalignment between the award description and corresponding share units and value (pre-tax).

Awards with the suffix 'NED' refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Opening balance on 1 Jan 2021 (Number)	Share units			Closing balance on 31 Dec 2021 (Number)	Value (pre-tax)		
				2020 20-day year end VWAP (ZAR)	2021 20-day year end VWAP (ZAR)		Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)		Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Clement Chinaka													
Long-term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	93 131	–	62 863	30 268	–	845 507	407 105	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	67 433	–	–	–	67 433	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	11 391	–	–	11 391	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	67 433	–	–	–	67 433	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	11 391	–	–	11 391	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	67 433	–	–	–	67 433	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	11 391	–	–	11 391	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	94 142	–	–	–	94 142	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	15 902	–	–	15 902	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	94 142	–	–	–	94 142	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	15 902	–	–	15 902	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	94 143	–	–	–	94 143	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	15 903	–	–	15 903	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	182 716	–	–	182 716	–	–	695 131
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	30 865	–	–	30 865	–	–	117 424
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	182 716	–	–	182 716	–	–	695 131
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	30 865	–	–	30 865	–	–	117 424
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	182 717	–	–	182 717	–	–	695 135
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	30 866	–	–	30 866	–	–	117 428
Deferred Short-term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	39 068	–	–	39 068	–	–	525 465	–
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	83 369	–	–	–	83 369	–	–	1 023 135
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	14 083	–	–	14 083	–	–	172 832
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	120 503	–	–	–	120 503	–	–	1 478 857
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	20 355	–	–	20 355	–	–	249 804
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	12 668	–	–	12 668	–	–	155 466
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	2 140	–	–	2 140	–	–	26 263
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	12 668	–	–	12 668	–	–	155 466
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	2 140	–	–	2 140	–	–	26 263
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	12 669	–	–	12 669	–	–	155 479
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	2 140	–	–	2 140	–	–	26 263
Total						820 797	801 488	62 863	69 336	1 490 086	845 507	932 569	5 907 500

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

Awards with the suffix 'NED' refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units				Value (pre-tax)			
				2020 20-day year end VWAP (ZAR)	2021 20-day year end VWAP (ZAR)	Opening balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing balance on 31 Dec 2021 (Number)	Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Heloise van der Mescht													
Long-term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	26 989	–	18 218	8 771	–	245 032	117 970	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	17 954	–	–	–	17 954	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	3 033	–	–	3 033	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	17 954	–	–	–	17 954	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	3 033	–	–	3 033	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	17 955	–	–	–	17 955	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	3 033	–	–	3 033	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	85 636	–	–	–	85 636	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	14 466	–	–	14 466	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	85 636	–	–	–	85 636	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	14 466	–	–	14 466	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	85 637	–	–	–	85 637	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	14 466	–	–	14 466	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	74 930	–	–	74 930	–	–	285 066
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	12 657	–	–	12 657	–	–	48 153
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	74 930	–	–	74 930	–	–	285 066
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	12 657	–	–	12 657	–	–	48 153
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	74 931	–	–	74 931	–	–	285 070
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	12 658	–	–	12 658	–	–	48 157
Deferred Short-term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	16 848	–	–	16 848	–	–	226 606	–
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	43 085	–	–	–	43 085	–	–	528 755
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	7 278	–	–	7 278	–	–	89 318
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	14 612	–	–	14 612	–	–	179 324
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	2 469	–	–	2 469	–	–	30 300
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	14 612	–	–	14 612	–	–	179 324
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	2 469	–	–	2 469	–	–	30 300
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	14 611	–	–	14 611	–	–	179 312
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	2 469	–	–	2 469	–	–	30 300
Total						397 694	373 780	18 218	25 619	727 637	245 032	344 576	2 246 598

¹ Long-term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

Notes to the consolidated financial statements

For the year ended 31 December 2022

L: Directors' and prescribed officers' emoluments continued

Non-executive Directors	2022	2021
Trevor Manuel (Chairman)	5 148 062	4 950 060
Prof Brian Armstrong	1 061 079	1 145 392
Peter de Beyer (Resigned 21 May 2021)	–	2 644 844
Matthys du Toit (Resigned 21 May 2021)	–	416 473
Albert Essien	1 608 018	1 364 137
Olufunke Ighodaro	2 034 536	1 593 177
Itumeleng Kgaboesele	1 792 423	1 889 662
Jaco Langner (Appointed 20 May 2021)	1 470 584	971 385
John Lister	4 369 401	4 133 140
Dr Sizeka Magwentshu-Rensburg	1 738 244	1 605 750
Thoko Mokgosi-Mwantembe	1 089 615	1 117 368
Nosipho Molope (Resigned 27 May 2022)	607 603	1 906 765
James Mwangi	1 726 421	1 261 907
Nomkhita Nqweni (Appointed 20 May 2021)	1 324 210	896 852
Marshall Rapiya (Retired 31 July 2022)	864 336	1 413 641
Stewart van Graan	1 370 950	1 441 447
	26 205 482	28 752 000

The above amounts are shown exclusive of VAT.

M: Biographical information on the directors (unaudited)

Trevor Manuel (South African) (66)#

Trevor is the Independent Chairman of the Board. He served in the South African Government for more than 20 years, including as Minister of Finance and as Minister in the Presidency, responsible for the National Planning Commission.

During his ministerial career, he assumed a number of ex-officio positions at international bodies including the United Nations Commission for Trade and Development, the World Bank, the International Monetary Fund, the G20, the African Development Bank Group and SADC.

Iain Williamson (South African) (52)#

Iain was appointed Chief Executive Officer of the Company in July 2020, after serving as the Interim Chief Executive Officer from May 2019. He joined the Group in 1993 and following various roles across employee benefits and personal finance, he relocated to London in a Corporate Development role at Old Mutual plc. Iain returned to South Africa in 2003, serving in a number of roles across distribution, technology and finance before being promoted to CFO Retail Affluent and then Managing Director of the Retail Affluent segment. He was appointed as Old Mutual Emerging Markets' Finance Director in 2015, as Chief Operating Officer in 2017 and has also previously been the Interim Chief Executive Officer in 2017.

Casper Troskie (South African) (59)#

Casper was appointed as Chief Financial Officer of the Group in March 2018. Before joining the Old Mutual, he spent seven years as the Financial Director of the Liberty Group, serving on the Boards of Liberty Holdings, Liberty Group and STANLIB.

Prior to that, he held the position of Chief Financial Officer at the Standard Bank Group, as well as holding leadership positions at Deloitte.

Brian Armstrong (South African) (61)#

Brian is an Independent Non-executive Director. He is currently the Professor in the Chair of Digital Business at Wits Business School, where he lectures a Master's Degree in Digital Transformation. He is regarded as one of the ICT industry leaders in South Africa.

Before joining Wits he spent seven years at Telkom in the roles of Group Chief Operating Officer and Group Chief Commercial Officer among others. His prior experience also includes being Vice President for Middle East and Africa at British Telecom and Managing Director of AST Networks.

Albert Essien (Ghanaian) (67)#

Albert is an Independent Non-executive Director. He started his banking career with the National Investment Bank Limited in Accra, and subsequently joined the corporate banking department of Ecobank Ghana. He previously served as the Group Chief Executive Officer of Ecobank and led Ecobank's expansion into Burundi, Kenya, Malawi, Rwanda, South Africa, Tanzania, Uganda and Zambia. Albert also led Ecobank's negotiations in the formation of the Ecobank-Nedbank alliance.

Olufunke Ighodaro (Nigerian and British) (59)#

Olufunke is an Independent Non-executive Director. She is a Non-executive Director of Telkom SOC Limited and Sabvest Capital Limited.

Olufunke has over 22 years' experience operating at executive Board level, having previously served as chief financial officer of JSE listed companies namely Tiger Brands Limited, Primedia Limited and as executive director and chief financial officer designate of Barloworld Limited. She was an executive director of EMTS Limited (trading as 9mobile), Nigeria's fourth largest telco and founded and led the private equity business of the Kagiso Trust Investment Group.

Itumeleng Kgaboesele (South African) (51)#

Itumeleng is an Independent Non-executive Director. He has over 20 years of financial services experience, having held executive positions with Hambros Bank Limited, Deutsche Bank AG London and Merrill Lynch.

Jaco Langner (South African) (49)#

Jaco is an Independent Non-executive Director. He is an actuary with more than 25 years financial services, management and insurance expertise and former managing director of Alexander Forbes Life. Jaco has extensive experience in establishing new business lines and turn around strategies and co-funded the insuretech company Surion Proprietary Limited in 2018.

John Lister (British) (64)#

John is an Independent Non-executive Director. He has over three decades of experience in the insurance sector and is a finance and risk specialist. He is the former Chief Risk Officer of AVIVA plc and Chief Financial Officer and Chief Actuary of its UK life and savings business. He was the former chairman of the Risk committee of Delta Lloyd Limited, Netherlands, prior to its sale to the NN Group. He has significant experience and knowledge across a number of areas including capital management, risk management and regulatory engagement. In addition to his role at Old Mutual John Chairs Phoenix Groups UK Life Companies and is Chair of Saga SSL Risk and Audit Committee.

Sizeka Magwentshu Rensburg (South African) (63)#

Sizeka is an Independent Non-executive Director. She has extensive experience spanning over 25 years in Small, Medium and Micro Enterprise (SMME) development space in South Africa and Southern Africa. She currently serves on the board of the Industrial Development Corporation. She served on various Boards of state-owned enterprises and was a member of the South African Ministerial Advisory committee on SMME Development (Ministry of Economic Development).

Notes to the consolidated financial statements

For the year ended 31 December 2022

M: Biographical information on the directors continued

Thoko Mokgosi Mwantembe (South African) (61)#

Thoko is a Non-executive Director. Her career spans numerous sectors, including pharmaceuticals companies such as Logos Pharmaceutical and Glaxo Wellcome. She is the former Chief Executive Officer of Alcatel South Africa Proprietary Limited, Hewlett Packard South Africa Proprietary Limited and former non-executive director of Vodacom Group Limited.

James Mwangi (Kenyan) (45)#

James is an Independent Non-executive Director. He helped found the Dalberg Group in New York in 2002 and set up its African operations in Johannesburg in 2007, before taking on the role of Global Managing Partner and Chief Executive of Dalberg's consulting business from 2010 to 2014. Prior to Dalberg, he worked at McKinsey & Company in New York.

He is a 2009 Archbishop Tutu Leadership Fellow of the African Leadership Institute and a 2013 Young Global Leader of the World Economic Forum.

Nomkhita Nqweni (South African) (48)#

Nomkhita is an Independent Non-executive Director. She has more than 25 years financial services, asset management and insurance expertise and is the former chief executive of Wealth, investment management and insurance (Africa) at Absa Group Limited. During her time at Absa she also served on the Barclays Wealth EMEA Exco responsible for teams in London and Geneva. Prior to joining Absa she was managing director of Alexander Forbes Financial Services Holdings Limited (Africa).

She has served on numerous Absa Group Limited and Alexander Forbes Limited boards and was recognised as the CNBC All Africa Business Woman of the Year in 2018.

Stewart van Graan (South African) (67)#

Stewart is an Independent Non-executive Director. He has extensive experience in information technology and was the former Managing Director of Dell Computer Proprietary Limited (Dell) in South Africa as well as the former vice president for Dell's Enterprise Solutions business in the EMEA Emerging Markets. Stewart also served as the chairperson of Dell in South African and the Dell Khulisa Academy. Prior to joining Dell, he spent 23 years at IBM in various positions, both locally and internationally. He also served on the advisory board of the University of Stellenbosch Business School.

Age as at 31 December 2022.

N: Share ownership (unaudited)

At 31 December 2022

Public and non-public shareholding of ordinary shares	Number of shareholders	% of shareholders	Number of shares	% of ordinary shares
Public	457 562	99.995	4 341 099 139	88.344
Non-public	23	0.005	572 781 352	11.656
Directors and associates	8	0.002	1 348 019	0.027
Employee share trusts	5	0.001	64 430 091	1.311
Black economic empowerment trusts	7	0.002	175 983 833	3.581
Restricted	3	0.000	331 019 409	6.736
	457 585	100.00	4 913 880 491	100.00

Major shareholders

Pursuant to section 56(7) of the Companies Act, the following beneficial shareholdings equal to or exceeding 5% as at 31 December 2022 are disclosed:

	Number of shares	% of ordinary shares
Public Investment Corporation	792 171 115	16.12
Allan Gray	294 155 221	5.99
BlackRock Inc.	264 492 015	5.38

Public and non-public shareholding of ordinary shares	Number of shareholders	% holding	Number of shares	% of ordinary shares
1-100	3 492	9.15	166 986	0.00
101-500	27 724	72.62	7 491 552	0.15
501 – 5 000	6 040	15.82	8 311 901	0.17
5001 – 100 000	787	2.06	13 816 871	0.28
100 001 – 500 000	88	0.23	20 981 044	0.42
500 001+	48	0.12	4 863 112 137	98.98
Total	38 179	100	4 913 880 491	100

Statement of comprehensive income

For the year ended 31 December 2022

Rm	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Revenue			
Investment income	3	3 402	13 794
Interest income ¹		153	170
Cash and cash equivalents		28	60
Interest and securities		125	110
Other income		40	34
Total revenue and other income		3 595	13 998
Expenses			
Reversal of impairment of investments in subsidiaries	4	418	(14 919)
Operating and administration expenses	5	(343)	(219)
IFRS 2 expense	6	(367)	–
Loss on sale of OM International Guernsey		(108)	–
Fair value loss	7	10	(146)
Profit/(loss) before tax		3 205	(1 286)
Income tax expense	8	(42)	(58)
Profit/(loss) after tax for the financial year		3 163	(1 344)
Total comprehensive profit/(loss) for the year		3 163	(1 344)

¹ The presentation of the income statement, including comparatives, has been amended to include additional information regarding interest income calculated on the effective interest method on cash and cash equivalents and investments and securities.

Statement of financial position

At 31 December 2022

Rm	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Assets			
Investments in subsidiaries	9	89 307	88 997
Investments and securities	10	2 320	2 376
Deferred tax asset		6	–
Other assets	11	3	9
Interest receivable on unit trust		40	27
Current tax receivable		–	2
Cash and cash equivalents	12	1 151	900
Total assets		92 827	92 311
Liabilities			
Deferred tax liability		–	2
Amounts due to Group company	13	99	71
Payables	14	780	788
Current tax payable		3	–
Total liabilities		882	861
Net assets		91 945	91 450
Equity			
Share capital	16	244	85
Accumulated loss		(5 990)	(5 649)
Reorganisation reserve		97 014	97 014
Share option premium	16	677	–
Total equity		91 945	91 450

Statement of changes in equity

For the year ended 31 December 2022

31 December 2022 Rm	Notes	Share capital	Reorganisation reserve ¹	Accumulated loss	Share option premium	Total equity
Shareholders' equity at beginning of year		85	97 014	(5 649)	-	91 450
Profit after tax for the financial year		-	-	3 163		3 163
Total comprehensive loss for the financial year		-	-	3 163		3 163
Transactions with the shareholders of the Company:						
Dividends paid	15.4	-		(3 504)		(3 504)
Equity-settled share-based payments					677³	677
Share issue	16	159²			-	159
Transactions with shareholders'		159	-	(3 504)	677	(2 668)
Shareholders' equity at end of year	16	244	97 014	(5 990)	677	91 945

¹ The reorganisation reserve arose on 26 June 2018, in terms of a UK court scheme of arrangement having the effect of inserting the Company as a new holding company above the Old Mutual plc Group. As Old Mutual plc remains within the Old Mutual Limited Group and in terms of predecessor accounting, R89 million has been allocated to share capital. This represents the share capital of Old Mutual plc before the reorganisation. The remainder of the investment in Old Mutual plc has been allocated to the reorganisation reserve within equity, and represents the reserves of the previous Old Mutual plc Group. When Old Mutual Limited financial statements are prepared, this reserve eliminates and is replaced by the Group's reserve.

² Under the Bula Tsela Transaction, the Employee Share Trust subscribed for 78.1 million shares at a fair value of R 159 million which represents 20% of the 78.1 million shares which were legally issued.

³ The share option premium includes the IFRS 2 charge of R367 million to account for in-substance share options under the Retail and Community schemes and a premium received of R98 million and R212 million for the purchase of the in-substance option under the Retail scheme and Employee share scheme respectively. The purchase of the in-substance option in the Employee share scheme represents the 80% of the 78.1 million shares.

31 December 2021 Rm	Note	Share capital	Reorganisation reserve ¹	Accumulated loss	Total equity
Shareholders' equity at beginning of year		85	97 014	9 156	106 255
Loss after tax for the financial year		-	-	(1 344)	(1 344)
Total comprehensive income for the financial year		-	-	(1 344)	(1 344)
Transactions with the shareholders of the Company:					
Dividends paid	15.4	-	-	(2 805)	(2 805)
Dividends paid	15.4			(10 656) ⁴	(10 656)
Transactions with shareholders'		-	-	(13 461)	(13 461)
Shareholders' equity at end of year	16	85	97 014	(5 649)	91 450

⁴ The dividend paid relates to a dividend in specie arising from the Nedbank unbundling.

Statement of cash flows

For the year ended 31 December 2022

Rm	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Cash flows from operating activities			
Profit/(loss) before tax		3 205	(1 286)
Non-cash movements and adjustments to profit before tax	15.1	(3 505)	1 101
Changes in working capital	15.2	13	32
Interest received		59	143
Dividends received	3	3 399	2 997
Tax paid	15.3	(45)	(58)
Net cash generated from operating activities		3 126	2 929
Cash flows from investing activities			
Investment in unit trust		(2 263)	(3 027)
Disinvestments in unit trust		2 423	651
Net cash utilised in investing activities		160	(2 376)
Cash flows from financing activities			
Increase in amounts due to Group companies		-	22
Dividends paid to Company's shareholders	15.4	(3 504)	(2 805)
Cash received from share issue		159	-
Option premium received from share trust		212	-
Option premium received from Retailco participants		98	-
Net cash utilised in financing activities		(3 035)	(2 783)
Net increase/(decrease) in cash and cash equivalents		251	(2 230)
Cash and cash equivalents at the beginning of the year		900	3 130
Cash and cash equivalents at the end of the year		1 151	900

Notes to the financial statements

For the year ended 31 December 2022

1. Accounting policies

1.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including interpretations to IFRS as issued by the International Financial Reporting Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the requirements of the Companies Act, no 71 of 2008 (Companies Act).

Basis of preparation

The financial statements provide information about the financial position of the Company and have been prepared under the historical cost convention. The accounting policies applied have been consistently applied to all periods presented.

The Company's presentation currency is South African rand and all amounts are presented in millions of rand.

The Company is a company incorporated in South Africa. On 25 June 2018, the Company became the parent of Old Mutual plc through a share-for-share exchange, with the Company receiving the entire net asset value of Old Mutual plc, the original parent company of Old Mutual Limited and its subsidiaries, in exchange for the issue of ordinary shares of the Company to the original shareholders of Old Mutual plc. The previous existing Group went through a reorganisation which was called Managed Separation and, although there was a change in legal ownership, there was no change in the economic substance of the reporting entity.

1.2 Share capital

Ordinary share capital is classified as equity if it is non-redeemable by the shareholder and any dividends are discretionary.

1.3 Investments in subsidiaries

The Company's interest in its subsidiaries and associates is accounted for at cost less impairment in accordance with IAS 27 *Separate Financial Statements*. The Company's interest in subsidiaries was acquired as a consequence of Managed Separation.

1.4 Impairment of investment in subsidiaries

The Company's subsidiaries are within the scope of IAS 36 *Impairment of Assets*. The carrying value of the subsidiaries is compared to its recoverable amounts being the higher of the fair value less costs to sell and value in use.

1.5 Revenue

Revenue includes investment income which comprises dividend and interest income.

Dividend income

Dividend income is recognised when the right to receive payment is established on the ex-dividend date as investment income.

Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method taking into account the expected timing and amount of cash flows. Interest income include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

1.6 Foreign currency translation

Transactions in foreign currencies are converted into the functional currency at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at rates of exchange ruling at the balance sheet date. Exchange gains and losses on the translation and settlement during the period of foreign currency monetary assets and liabilities are recognised in profit or loss.

1.7 Taxation

The income tax charge for the year comprises current tax and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred taxation is charged to profit or loss except to the extent that it relates to a transaction that is recognised directly in other comprehensive income. The effect on deferred tax of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to other comprehensive income or equity.

1.8 Share-based payments

Equity-settled share-based payment transactions

The equity-settled transaction relates to share options to participate in OML shares under the Bula Tsela transaction. The share-based payment is measured with reference to fair value of the in-substance share options granted. The fair value of the in-substance options is determined using an option pricing model. The value of the shares and options, and resulting equity-settled share-based payment, are determined at grant date and are not revalued/remeasured subsequently, at the end of the scheme, the in substance option is derecognised and an investment in OML shares is recognised. Refer to J2 B-BBEE Bula Tsela awards in the consolidated financials for more information.

1.9 Financial instruments

Financial instruments comprise of investment and securities, other assets, cash and cash equivalents, amounts due to Group company and payables.

1.9.1 Classification and measurement of financial assets and financial liabilities

Under IFRS 9 *Financial Instruments*, on initial recognition, a financial asset is classified as measured at:

- » Amortised cost
- » Fair value through profit or loss (FVTPL).

Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to the fair value at initial recognition.

Initial recognition of financial liabilities

On initial recognition, financial liabilities are measured at fair value minus in the case of financial liabilities not classified at FVTPL, transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Fair value hierarchy

Fair values are determined according to the following hierarchy:

- » Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.
- » Level 2 – valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.
- » Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads.

In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

Subsequent measurement of financial liabilities

These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign currency exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

For more detailed disclosure please refer to note E in the consolidated financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1. Accounting policies continued

1.10 Investment and securities

Investments and securities include units purchased in money market funds. Investment and securities are measured at fair value through profit and loss. The fair value equals their carrying value.

Interest income is presented separately from the rest of the fair value changes.

1.11 Significant judgements and estimates

Accounting estimates involve the use of judgements and assumptions based on the latest available information. Consistent with the prior financial year, the movement in the value of the listed share price of Old Mutual Limited (OML) necessitated an assessment of the carrying value of Old Mutual Group Holdings (OMGH) for the year ended 31 December 2022, in accordance with IAS 36 *Impairment of Assets*.

In addition, an assessment is performed to determine whether there is any indication that impairment losses recognised in prior periods no longer exist or may have decreased. The impairment test compares the value in use with the carrying value in order to determine the recoverable amount.

OMGH's value in use was determined using a sum of the parts valuation model. The value in use increased from R87.9 billion to R88.7 billion. This resulted in a reversal of impairments raised in prior years to the value of R740 million. The value in use calculation was based on the valuation of the sum of the parts valuation which included OMLAC(SA) adjusted for eligible own funds, a multiple of 5 for the Value of New Business (VNB) for its life assurance business and discounted cash flows or net asset value methodology. The key assumptions include VNB multiple of 5, discount rate of 12.8%, growth rate of 6.79%, dividend cover of 1.75.

The main reasons for the reversal of impairment is due to variations in the free cash flows and dividend projections post COVID, as well as adjustments to the risk-adjusted discount rate to reflect changes in the economic environment.

Value-in-use model and key assumptions used

In the performance of impairment testing, the Group mostly used discounted cash flow models for a period of three to five years, with a terminal value thereafter. This incorporates planned business performance, long-term growth rates and a risk-adjusted discount rate reflecting cost of equity.

The rate is derived using the overall OML Group Cost of Equity (CoE). The OML Group CoE is calibrated using a derivation of the conventional Capital Asset Pricing Model (CAPM). The rationale for choosing this methodology is to avoid the high degree of subjectivity present in other CoE approaches. This entails calibrating the risk-free rate and risk premium:

- » The risk-free rate is calculated based on historic government bond yields over a 10 year period.
- » The risk premium is calculated as the beta on the OML share (OML return relative to the equity market) multiplied by the historic market risk premium.

To calculate the discount rate applicable to the component parts, the OML risk premium is risk and term adjusted using an internal risk measure to reflect the risk inherent in the components relative to the overall Group and the expected term of the asset.

Below is a summary of key assumptions used in the value in use calculation:

	Key Assumptions
Discount rate	12.8% – 22.3%
P/E Multiples	1x – 13.8x
VNB Multiple	5x

Management has further performed stress testing, the results of which have been considered when determining the final impairment losses/reversals to be processed.

Sensitivities and headroom analysis

Sensitivity tests were performed on inputs in the underlying impairment tests, for example by applying a 1% increase in the discount rate and a 10% decrease in the cash flows. The outcomes of these sensitivity tests supported that there is sufficient headroom to support the reversal of the prior period impairments recognised.

Refer to H1 in the consolidated AFS for detailed information.

1.12 New standards and interpretations

The Company has adopted the following standards for the first time in the annual reporting period commencing 1 January 2022:

- » Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

These standards will not have a material impact on the financial statements.

1.13 New standards issued but not effective

The following standards and amendments were issued but not effective for the period commencing 1 January 2022.

- » IFRS 17 *Insurance Contracts* effective date 1 Jan 2023 and will have no impact on the Company's separate annual financial statements.
- » Amendment to IAS 1 *Classification of liabilities as current or non-current* effective date 1 January 2023.
- » Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies effective date 1 January 2023.
- » IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* effective date 1 January 2023.
- » IAS 12 amendment on deferred tax related to assets and liabilities arising from a single transaction effective date 1 January 2023.
- » The amendment to IFRS 16 *Lease liability and lease payback* which is not effective until 2024.

These standards and amendments will not have a material impact on the financial statements.

2. Statement of financial position – assets and liabilities

Categories of financial instruments

The analysis of assets and liabilities into their categories as defined in IFRS 9 *Financial Instruments* is set out in the table below. Assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category.

31 December 2022 Rm	Mandatorily at fair value through profit or loss	Amortised cost	Non-financial assets and liabilities	Total
Assets				
Investment and securities	2 320	–	–	2 320
Investment in subsidiaries	–	–	89 307	89 307
Other assets	–	2	1	3
Interest receivable on unit trust	–	40	–	40
Cash and cash equivalents	–	1 151	–	1 151
Deferred tax asset	–	–	6	6
Total assets	2 320	1 193	89 314	92 827
Liabilities				
Amount due to Group company	–	99	–	99
Payables	–	775	5	780
Current tax payable	–	–	3	3
Total liabilities	–	874	8	882

Management has considered the COVID-19 impact on these balances and no impact was experienced.

31 December 2021 Rm	Mandatorily at fair value through profit or loss	Amortised cost	Non-financial assets and liabilities	Total
Assets				
Investment and securities	2 376	–	–	2 376
Investment in subsidiaries	–	–	88 997	88 997
Other assets	–	3	6	9
Interest receivable on unit trust	–	27	–	27
Cash and cash equivalents	–	900	–	900
Current tax receivable	–	–	2	2
Total assets	2 376	930	89 005	92 311
Liabilities				
Amount due to Group company	–	71	–	71
Payables	–	788	–	788
Deferred tax liability	–	–	2	2
Total liabilities	–	859	2	861

Fair value of financial assets and liabilities

(a) Determination of fair value

The fair values of financial assets and liabilities at amortised cost (comprising cash and cash equivalents, other assets, amount due to Group company and payables) reasonably approximate their carrying amounts as included in the statement of financial position as they are short-term in nature or re-priced to current market rates frequently.

(b) Fair value hierarchy for financial assets

At 31 December 2022 Rm	Total	Level 1	Level 2	Level 3
Financial assets mandatorily through profit or loss	2 320	2 320	–	–

At 31 December 2021 Rm	Total	Level 1	Level 2	Level 3
Financial assets mandatorily through profit or loss	2 376	2 376	–	–

Notes to the financial statements

For the year ended 31 December 2022

3 Investment income

Rm	31 December 2022	31 December 2021
Dividend income – cash		
Dividend income from subsidiaries – local	2 522	2 266
Dividend income from subsidiaries – foreign	877	731
Dividend income – non-cash		
Dividend income from subsidiaries – local	–	10 805 ¹
Foreign exchange gains/(losses)	3	(8)
	3 402	13 794

¹ The dividend income relates to the Nedbank unbundling.

4 Impairment and reversal of impairment of investments in subsidiaries

Rm	31 December 2022	31 December 2021
Old Mutual Group (UK) Limited ¹	491	44
Old Mutual Business Services Limited ²	–	361
Fairbairn Investments (UK) Limited ²	–	141
Old Mutual Group Holdings (SA) (Pty) Limited ³	(740)	14 373
OM Residual UK Limited ⁴	(169)	–
	(418)	14 919

In relation to the 2022 and 2021 balances management has considered the COVID-19 impact on these balances and no impact was experienced.

- ¹ The Plc entity Old Mutual Group (UK) Limited which is a 100% held subsidiary of the company will be liquidated which is why it was impaired. The investment was impaired to its recoverable amounts which is the fair value less costs to sell which amounted to R200 million (2021: R691 million). The net asset value was used to determine the recoverable amount. This net asset value approximates fair value less cost to sell. The net asset value would be considered a level 3 under the fair value hierarchy. Assets and liabilities measured using inputs that are not based on an observable market data are categorised as level 3. The significant input is the net asset value of the respective subsidiaries. The fair value of OML's subsidiaries are not listed on an active market and made publicly available therefore they are considered an unobservable input.
- ² Old Mutual Business Services and Fairbairn Investments have been dormant as a result of reduced activity and a request was made to the company house to liquidate. Both Old Mutual Business Services and Fairbairn Investments have been liquidated by December 2022.
- ³ The 2022 Value In Use (VIU) calculation yielded a recoverable amount of R88.6 billion. Consequently there is a reversal of impairment of R740 million in the current year. The VIU calculation was based on the valuation of the sum of the parts valuation which included OMLAC(SA) adjusted for eligible own funds, a multiple of 5 for the Value of New Business (VNB) for its life assurance business and discounted cash flows or net asset value methodology. The key assumptions include VNB multiple of 5, discount rate of 12.8%, growth rate of 6.79%, dividend cover of 1.75.
- ⁴ Due to the net asset value increasing, OMRUK had an impairment reversal of R169 million.

5 Operating and administration expenses

Rm	31 December 2022	31 December 2021
Operating and administration expenses include:		
Statutory audit services	49	51
Administration costs	89	57
Directors' emoluments	32	30
Professional fees	173	81
	343	219

6 IFRS 2 expense

Rm	31 December 2022	31 December 2021
IFRS 2 expense	367	–

A once-off broad-based share incentive scheme awarded 205.3 million new Old Mutual Limited ordinary shares, during the year to the following groups:

- Qualifying Old Mutual employees, as part of the Old Mutual Bula Tsela Employee Transaction granted under the ESOP rules (grant date: 6 December 2022);
- A Community Trust for the support of eligible Black South African individuals and groups as part of the Old Mutual Bula Tsela Community Transaction (grant date: 12 August 2022); and
- Qualifying Black South African individuals and groups whose applications pursuant to the public offer were successful, as part of the Old Mutual Bula Tsela Retail Transaction (grant date: 21 November 2022).

The IFRS 2 expense in OML relates to the Retail and Community schemes each which are equity settled, R191 million relates to the Retail scheme and R176 million relates to the Community scheme. The IFRS 2 expense represents the free component of the option the Retailco and Community Trust has to participate in OML shares. For detailed information refer to note J2 in the consolidated financial statements.

Movement relating to share awards during the year are as follows:

	31 December 2022			31 December 2021		
	Number of share options	Fair value at grant date	Weighted average exercise price	Number of share options	Fair value at grant date	Weighted average exercise price
Retail scheme						
Outstanding, at beginning of year	–	–	–	–	–	–
Exercised during year	–	–	–	–	–	–
Granted during the year	63 600 838	4.55	7.15	–	–	–
Outstanding, at end of year	63 600 838	4.02	7.21	–	–	–
Exercisable, at end of 10 years	63 600 838	–	–	–	–	–
Community scheme						
Outstanding, at beginning of year	–	–	–	–	–	–
Exercised during year	–	–	–	–	–	–
Granted during the year	63 600 838	2.76	8.69	–	–	–
Outstanding, at end of year	63 600 838	1.99	8.75	–	–	–
Exercisable, at end of 10 years	63 600 838	–	–	–	–	–

The fair value of the Old Mutual share at 31 December 2022 is 10.46.

The model uses a Monte Carlo simulation using a geometric Brownian motion stock price process. The following assumptions were used in calculating the fair value of the in-substance options: The share price used for the Retail scheme was R11.18 and R11.76 for Community Trust. The implied volatility used was 30% over an option life of 10 years. The expected dividend yield was 6.3%, the risk-free interest rate was based on the nominal swap curve.

7 Fair value loss

Rm	31 December 2022	31 December 2021
Fair value loss		
Fair value loss on Nedbank unbundling	–	(149)
Fair value gain on investment in unit trust	10	3
	10	(146)

8 Income tax expense

Rm	31 December 2022	31 December 2021
South African taxation		
Normal tax – current year	53	56
– prior year (refund)	(3)	–
Deferred tax – current year (credit)/expense	(8)	2
	42	58

Rm	31 December 2022	31 December 2021
Reconciliation of taxation on profit/loss before tax		
Profit/(loss) before tax	3 205	(1 286)
Tax at South African tax rate 28%	897	(360)
Exempt income – dividends	(952)	(3 865)
Reversal of impairment of subsidiaries	(116)	4 178
Non-deductible expenses	225	61
Non-deductible fair value losses	5	41
Effect on deferred tax on changes in tax rates*	–	–
Prior year overprovision	(3)	–
Income received in advance	(9)	1
Non-taxable fair value gains	(5)	–
CFC income*	–	–
Income taxed at other than the corporate rate	–	2
Tax expense	42	58

The majority of the Company's income relates to dividends received which is exempt for tax purposes. Expenses that are deductible are apportioned accordingly. Non-deductible expenses are made up of operating costs and audit fees.

* The effect on deferred tax on changes in tax rate is R227 000 and the CFC income is R122 000.

Notes to the financial statements

For the year ended 31 December 2022

9 Investments in subsidiaries

Rm	Note	31 December 2022	31 December 2021
Unlisted – subsidiaries (all held at 100%)			
Balance at beginning of the year		88 997	103 916
Impairment loss	4	(491)	(14 919)
Reversal of impairment loss		909	–
Disposal		(108)	–
Balance at end of the year		89 307	88 997
Closing balance consist of:			
Marriott Isle of Man Limited ²		48	48
Old Mutual Group Holdings (SA) (Pty) Limited ⁶		88 656	87 916
Old Mutual Group (UK) Limited ^{1,4}		200	691
Old Mutual International (Guernsey) Limited ^{1,3}		–	108
OM Residual UK Limited ^{1,5}		403	234
		89 307	88 997

¹ Incorporated in the United Kingdom.

² Incorporated in the Isle of Man.

³ On 30 November the Company disposed of its entire shareholding in Old Mutual International Guernsey Limited to Northstar Group (Bermuda) Limited for a consideration of 1 pound.

⁴ During the current year Old Mutual Group (UK) Limited was impaired to its recoverable amount of R200 million.

⁵ During the current year OM Residual UK Limited impairment was reversed to its recoverable amount of R403 million.

⁶ During the current year Old Mutual Group Holdings (SA) (Pty) Ltd impairment was reversed to its recoverable amount of R88.7 billion. Refer to note 1.10 on how value in use was calculated.

10 Investments and securities

Rm	31 December 2022	31 December 2021
Investment in unit trust	2 320	2 376

The investment and securities balance represents units in the Old Mutual Institutional Interest Bearing Fund, a unit trust managed by Futuregrowth and administered by Old Mutual Unit Trust Managers (RF) (Pty) Ltd. The split of the underlying assets in the unit trust are as follows: floating rate notes 50.35%, bonds 4.68%, corporate call account 0.15%, treasury bill 3.36%, cash 8.84%, negotiable certificate of deposit 32.62%.

11 Other assets

Rm	31 December 2022	31 December 2021
Accrued interest on cash and cash equivalents	2	3
Prepayments	1	6
	3	9

The fair value of other assets approximates their carrying amount, as the impact of discounting is not significant.

12 Cash and cash equivalents

Rm	31 December 2022	31 December 2021
Cash at bank	886	2
Short-term deposits	265	898
	1 151	900

The fair value of cash and cash equivalents approximates their carrying amount, as the impact of discounting is not significant.

13 Amount due to Group company

Rm	31 December 2022	31 December 2021
Old Mutual Life Assurance Company (South Africa) Limited	60	71
Financial guarantee liability with Old Mutual Life Assurance Company (South Africa) Limited	39	–
Total	99	71

The loan was unsecured, interest-free and was not subject to fixed terms of repayment. The fair value of amount due to Group company approximates its carrying amount, as the impact of discounting is not significant.

Rm	31 December 2022	31 December 2021
Reconciliation of amount due to group company		
Opening balance	71	49
Advances during the year	331	186
Repayments	(303)	(164)
Closing balance	99	71

14 Payables

Rm	31 December 2022	31 December 2021
Audit fees	41	51
Shareholders' unclaimed dividends	713	704
Other payables	26	33
	780	788

The fair value of other payables approximates their carrying amount, as the impact of discounting is not significant.

15 Notes to the statement of cash flows

Rm	31 December 2022	31 December 2021
15.1 Non-cash movements and adjustments to (loss)/profit before tax		
Dividend income	3 399	13 802
Interest income	153	170
Foreign exchange losses	3	(8)
Fair value gain/(loss)	10	(146)
IFRS 2 expense	(367)	–
Loss on disposal of OM International Guernsey	(108)	–
ECL impairment on financial guarantee	(3)	–
Reversal of impairment/(impairment) of investments in Group subsidiaries	418	(14 919)
	3 505	(1 101)
15.2 Changes in working capital		
Decrease/(increase) in other assets	(7)	6
Decrease in payables	(8)	31
VAT	–	(5)
Increase in amounts due to Group companies	28	–
	13	32
15.3 Tax paid		
Opening balance receivable	2	–
Current tax expense	(50)	(56)
Closing balance payable (receivable)	3	(2)
Paid	(45)	(58)
15.4 Dividends paid		
Cash dividend	(3 504)	(2 805)
Non-cash dividend	–	(10 656) ¹
	(3 504)	(13 461)

¹ The non-cash dividend related to the Nedbank unbundling. Refer to the group financials for further detail on the Nedbank unbundling, note A2(a) Subsequent accounting treatment of the distributed stake. Note 7 in the standalone set also reflects the fair value loss from the Nedbank unbundling.

Notes to the financial statements

For the year ended 31 December 2022

16 Share capital

Rm	31 December 2022	31 December 2021
Authorised share capital		
10 000 000 000 no par value ordinary shares	–	–
10 000 000 no par value preference shares	–	–
Issued share capital		
4 913 880 491 (2021: 4 708 553 649) no par value ordinary shares	244	85

Under the Bula Tsela transaction, 63.6 million share options were legally issued to the Retail share scheme and 63.6 million to the Community share scheme. 78.1 million shares were issued to the Employee Share Trust 80% of which represented 62.4 million share options and 20% which amounted to 15.6 million shares issued at fair value of R159 million.

Share option Premium

The share option premium includes the IFRS 2 charge relating to the Bula Tsela transaction, R191 million relating to the Retail scheme and R176 million to the Community scheme. It also includes a premium received from the Retail scheme of R98 million and R212 million from the Employee share scheme for the purchase of the in substance option.

17 Financial risk management

The Company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its financial liabilities. The most important components of financial risk that are relevant to the Company are market risk, liquidity risk and credit risk.

Capital adequacy

Capital is actively managed to ensure that the Group is properly capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of all stakeholders. The Group has a business planning process that runs on an annual cycle with regular updates to projections. It is through this process, which includes risk and sensitivity analyses of forecasts, and the operations of the Capital Management Committee (CMC) that the Group's capital is managed.

The CMC is a sub-committee of the Balance Sheet Committee which is a sub-committee of the Executive Committee, established to set an appropriate framework and guidelines to ensure the appropriate management of capital, to allocate capital to the various businesses, and to monitor return on allocated capital for each business relative to the agreed hurdle. The CMC comprises the Executive Directors together with certain executives and senior managers. Meetings are held regularly as circumstances require and in any event not less than half-yearly and approve requests for capital that are outside the business plans.

For more detailed disclosure please refer to note F in the consolidated financial statements.

Sensitivities

The Company has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through stress tests, scenario analyses and risk assessments. From an understanding of the principal risks, appropriate risk limits and controls are defined.

For further details of the management of specific financial risks, refer to the relevant sections of this note.

Credit and counterparty risk

Credit and counterparty risk refers to the risk of loss, or of adverse change in the financial situation resulting from fluctuations in the credit standing of issuers of securities, counterparties and any other debtors to which the Company is exposed, in the form of counterparty default risk, or spread risk, or credit risk concentrations.

The Old Mutual Group has adopted a consistent, Group-wide approach to Enterprise Risk Management that conforms to good practice and compliance with Solvency II requirements. The approach includes the articulation of minimum Principles and Standards as set out in Group risk policies.

Credit risk management is primarily managed by the relevant business unit, as line 1 of defence, with Balance Sheet Management playing a strategic line 1 role, at Group level. Group Risk plays a line 2 oversight role.

Included in both the CMC and Executive Risk Committee (ERC) is respective responsibilities to credit risk management, with the CMC largely playing a line 1 role, and ERC a line 2 role. Where necessary, all reports are escalated to the relevant Board committees.

Credit risk governance

Credit risk is monitored through the Old Mutual Limited Management Credit Risk Committee (MCRC), a sub-committee of the Old Mutual Limited Balance Sheet Committee (BSC), to enable the Group Executive Committee (Exco) to discharge their obligations in terms of the Group's aggregated credit risk appetites, exposures and risk management.

The scope and authority of the Committee extends to all activities of the Group in which credit or counterparty credit risks are present. This includes credit risk arising through banking and insurance activities, encompassing both institutional and retail credit. The Committee relies on the work and reporting of the credit committees in the various credit-related businesses across the Group and assists the Exco to set and monitor credit policy and credit risk in the Group.

Maximum exposure to credit risk	Credit rating	31 December 2022	31 December 2021
Prepayments	Unrated	1	6
Interest receivable on unit trust ²	AA	40	27
Investment and Securities ²	AA	2 320	2 376
Nedbank ³	AA BB	2	3
Financial guarantee liability ^{1,3}	A+	7 110	6 000
Cash and cash equivalents		1 151	900
		10 624	9 312

Credit ratings	Credit rating	31 December 2022	31 December 2021
Nedbank Limited ³	AA BB	1 138	138
Rand Merchant Bank ³	AA	1	1
STANLIB ⁴	AA+ BB+	12	761
		1 151	900

¹ The credit risk disclosure on financial guarantee contract liability has been previously omitted but has now been provided.

² Rating as per ESC.

³ Rating as per Standard and Poor's.

⁴ Ratings as per Global credit ratings.

Credit risk

The Company is exposed to credit risk in the event that OMLAC(SA) defaults on its debt obligations in respect of the subordinated debt.

Sensitivities

Rm	ECL	1% increase Probability of default	5% increase Loss given default
31 December 2022			
Expected credit loss on the financial guarantee	2.5	0.50%	45%
Impact on financial guarantee contract liability	18	1.50%	50%
Impact on profit before tax	(18)	1.50%	50%
31 December 2021			
Expected credit loss on the financial guarantee ¹	0.5	50%	45%
Impact on financial guarantee contract liability	11	1.50%	50%
Impact on profit before tax	(11)	1.50%	50%

¹ The credit risk note disclosure was amended to include a sensitivity on the financial guarantee contract liability.

Market risk

Market risk is the potential impact on earnings of unfavourable changes in foreign exchange rates, interest rates, on its financial position, financial performance and cash flows.

Sensitivity analysis table

The below sensitivity shows the impact of the foreign exchange rates on the cash balance.

Rm	Balance at 31 December 2022	10% strengthening of ZAR	10% weakening of ZAR
Cash and cash equivalents	881	(88)	88
Profit before tax	3 205	88	(88)
Profit after tax	3 163	88	(88)
	Balance at 31 December 2021	10% strengthening of ZAR	10% weakening of ZAR
Cash and cash equivalents ¹	–	–	–
Loss before tax	(1 286)	–	–
Loss after tax	(1 344)	–	–

¹ The prior year GBP cash balance was R38 000.

Currency risk

The Company's exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its cash flows is immaterial at the reporting date.

The Company has investments in subsidiaries whose functional currency is GBP, whereas the functional currency of the Company is rand. These investments are held at cost.

The Company is also exposed to foreign exchange risk through its foreign dividend payments in GBP. The Company's treasury risk management policy is to take out forward exchange contracts to cover exposures.

Notes to the financial statements

For the year ended 31 December 2022

17 Financial risk management continued

The Company's exposure to currency risk is analysed below:

	31 December 2022 Pound sterling	31 December 2021 Pound sterling
31 December 2022		
Cash and cash equivalents	43	–
Exchange rate (rand)		
Closing rate:	20.59	21.56
Average rate:	20.17	20.33

Interest rate risk¹

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Company's earnings and the value of its assets and liabilities.

The Company is exposed to interest rate risk through its cash balances held. The effective interest rate on the cash is 6.35% and cash on call is 6.8% (2021 3.1% and 3.55% respectively). The Company is also exposed to interest rate risk through its investment in the unit trust which is an interest bearing unit trust, any changes to the interest rate impacts the return on investment. Distributions are made quarterly and the weighted average interest rate is 4.97%.

Should the interest rate on cash increase or decrease by 1%, the profit before tax will increase by R10 million or decrease by R10 million respectively and the loss before tax by R8 million in the prior year.

Should the interest rate on the unit trust increase or decrease by 1% the profit before tax will increase by R21 million or decrease by R21 million respectively and the loss before tax by R40 million in the prior year.

¹ The calculation of interest sensitivity changed for prior year, it was calculated on the bank balance.

Liquidity risk

IFRS 7 defines liquidity risk as the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group's executive committee is responsible for the effective management of liquidity risk by putting the appropriate structure and processes in place as it relates to the Company. The Risk committee of the Board is responsible for reviewing the adequacy and effectiveness thereof.

The following table analyses the Company's maturity profile of financial assets and liabilities:

31 December 2022 Rm	< 1 year	> 1 year	Total
Investments and securities	–	2 320	2 320
Other assets	3	–	3
Interest receivable on unit trust	40	–	40
Cash and cash equivalents	1 151	–	1 151
Deferred tax asset	–	6	6
Financial guarantee contract liability	(385)	(6 725)	(7 110)
Amounts due to Group companies	(99)	–	(99)
Payables	(780)	–	(780)
Current tax payable	(3)	–	(3)
	(73)	(4 399)	(4 472)

31 December 2021¹ Rm

	< 1 year	> 1 year	Total
Investments and securities	–	2 376	2 376
Other assets	9	–	9
Interest receivable on unit trust	27	–	27
Cash and cash equivalents	900	–	900
Current tax receivable	2	–	2
Financial guarantee contract liability ¹	(244)	(5 756)	(6 000)
Amounts due to Group companies	(71)	–	(71)
Payables	(788)	–	(788)
Deferred tax liability	–	(2)	(2)
	(165)	(3 382)	(3 547)

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Company's reputation.

¹ An amendment was made to the prior year liquidity disclosure, this was previously omitted, but has now been provided.

18 Related parties

Key management personnel and their close members of family and entities which they control, jointly control or over which they exercise significant influence are considered related parties to the Company. The Company's directors, as listed in the directors' report, are considered to be key management personnel of the Company.

The Company's principal interest in subsidiaries and the amounts due to another Group company are disclosed in Note 9 and Note 13. Transactions with directors are disclosed in Note 22.

Transactions and balances with related parties

The following transactions were entered into with related parties:

31 December 2022	OMLAC(SA) and subsidiaries	Direct subsidiaries	Associate
Statement of comprehensive income			
Interest income on investment in unit trust	125	–	–
Fair value gain	10	–	–
Dividend income	–	3 399	–
Administration costs	(20)	–	–
Guarantee fee income	40	–	–
Statement of financial position			
Investment in Group subsidiaries	–	89 307	–
Amounts due to Group company	99	–	–
Investments and securities	2 320	–	–

31 December 2021	OMLAC(SA) and subsidiaries	Direct subsidiaries	Associate
Statement of comprehensive income			
Interest income	–	–	9
Interest income on investment in unit trust	110	–	–
Fair value gain	3	–	–
Dividend income	–	13 802	–
Foreign exchange gains	–	–	(10)
Administration costs	(19)	–	–
Guarantee fee income	34	–	–
Statement of financial position			
Investment in Group subsidiaries	–	88 997	–
Amounts due to Group company	71	–	–
Investments and securities	2 376	–	–

For more detailed disclosure on associates please refer to Note J3 in the consolidated financial statements.

¹ An amendment has been made to the related party disclosure, the balances and transactions relating to the unit trust have been included in the related party disclosure as the unit trust is administered by Old Mutual Unit Trust Managers (RF) (Pty) Ltd and managed by Futuregrowth.

Notes to the financial statements

For the year ended 31 December 2022

19 Events subsequent to reporting date

There have been no events subsequent to the reporting period.

20 Going-concern basis

The Board has satisfied itself that the Company has adequate resources to continue in operation for the foreseeable future, taking into account the most recent business plan and the capital and liquidity position. The annual financial statements have accordingly been prepared on a going-concern basis.

21 Financial Guarantee

The Company entered into a subordinated noteholder guarantee in terms of which it irrevocably and unconditionally agrees to bind itself as a guarantor for due and punctual performance of all obligations that OMLAC(SA) may incur under its Amended and Restated Domestic Medium Term Note programme.

The financial guarantee is initially measured at fair value and subsequently measured at the higher of:

- » The loss allowance determined as expected credit loss under IFRS 9.
- » The amount initially recognised (fair value) less any cumulative amount of income/amortisation recognised in line with IFRS 15.

The initial issuance occurred in June 2019, where OML11 notes began trading on the JSE Interest Rate Market. The subscribed notes were at a value of R2 billion and the Company receives guarantee fee amounting to R12 million excluding VAT each year of assessment.

The second issuance occurred in November 2020, where OML12 notes began trading on the JSE Interest Rate Market. The subscribed notes were at a value of R2 billion and the Company receives guarantee fee amounting to R20.4 million excluding VAT each year of assessment.

The third issuance occurred in September 2021, where OML13 notes began trading on the JSE Interest Rate Market. The subscribed notes were at a value of R1.5 billion and the Company receives guarantee fee amounting to R5.4 million excluding VAT each year of assessment.

The fourth issuance occurred in June 2022, where OML14 notes began trading on the JSE Interest Rate Market. The subscribed notes were at a value of R1.1 billion and the Company receives guarantee fee amounting to R2.9 million excluding VAT each year of assessment.

The fifth issuance occurred in October 2022, where OML15 notes began trading on the JSE Interest Rate Market. The subscribed notes were at a value of R500 million and the Company receives guarantee fee amounting to R1.5 million excluding VAT each year of assessment.

The Company applies the net approach financial guarantee contracts are initially recognised at fair value being the net of the credit risk exposure for the term of the instrument and the future payments to be received, the issuer recognises a single net amount that is measured in accordance with the above. The premiums received from OMLAC(SA) is recognised in accordance with IFRS 15 over the period of the guarantee contract.

22 Directors' emoluments

	31 December 2022	31 December 2021
Total expense for the period	32	30

For detailed analysis of directors emoluments refer to Note L in the consolidated financial statements.

Administration

Registered name

Country of incorporation:

Registration number:

Income tax reference number:

Share code (JSE, LSE, MSE and ZSE):

Share code (NSX):

ISIN:

LEI:

Old Mutual Limited

South Africa

2017/235138/06

9267358233

OMU

OMM

ZAE000255360

213800MON84ZWWPQCN47

Registered office

Mutualpark

Jan Smuts Drive

Pinelands

Cape Town

7405

South Africa

Telephone: +27 (0)21 509-9111

Postal address

PO Box 66

Cape Town

8000

South Africa

Sponsor

JSE:

ZSE:

NSX:

MSE:

Merrill Lynch South Africa Proprietary Limited trading as BofA Securities

Imara Capital Zimbabwe plc

PSG Wealth Management (Namibia) Proprietary Limited

Stockbrokers Malawi Limited

Transfer secretaries

JSE Investor Services Proprietary Limited

Registration Number: 2000/007239/07

13th Floor

19 Ameshoff Street

Johannesburg, 2001

South Africa

Postal address

PO Box 10462

Johannesburg, 2000

Telephone: Local: 086 140 0110

International: +27 (0)11 029 0253

Braamfontein

Group Company Secretary

Elsabé Kirsten

Directors

Independent Non-executive

Trevor Manuel (Chairman)

Prof Brian Armstrong

Albert Essien

Olufunke Ighodaro

Itumeleng Kgaboesele

Jaco Langner

John Lister

Dr Sizeka Magwentshu-Rensburg (Lead Independent Director)

Nosipho Molope (resigned 27 May 2022)

James Mwangi

Nomkhita Nqweni

Stewart van Graan

Non-executive

Thoko Mokgosi-Mwantembe

Marshall Rapiya (retired 31 June 2022)

Executive

Casper Troskie (Chief Financial Officer)

Iain Williamson (Chief Executive Officer)

Public Officer

Nazrien Kader